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# Accountancy

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*Mechanisation in the Office*

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*Financial Defects*

OF THE PLANNING ACT

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*Some Thoughts on Cessations*

THE SOCIETY OF INCORPORATED ACCOUNTANTS

AUGUST 1950



ONE & SIXPENCE

# The Society of Incorporated Accountants and Auditors

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*Offices and Library:* INCORPORATED ACCOUNTANTS' HALL, VICTORIA EMBANKMENT, LONDON, W.C.2.

Members use the designation Incorporated Accountant. Fellows may also use the initial letters F.S.A.A., and Associates A.S.A.A.

Admission to membership is by examination subject to satisfactory completion of articles of clerkship for five years (university graduates three years). Six years' approved professional experience may be accepted in lieu of five years' articles. Exemption from the Preliminary Examination is granted on production of certain educational certificates.

Articles may also be integrated with full-time study at certain universities. Under this scheme a specific university degree and the professional qualification can be attained in a total period of 5½ years.

All candidates must pass the Intermediate and Final Examinations, except that graduates under the universities scheme are exempted from the Society's Intermediate Examination.

Some concessions may be granted in respect of whole-time war service.

There are Branches of the Society in Scotland, Ireland, Canada, Australia, and South Africa, and District Societies in all parts of England and Wales, Northern Ireland, and India. Students' Societies and Students' Sections operate throughout Great Britain, Northern Ireland, and Eire.

Members of the Society are not allowed to seek professional business by advertisements or circulars.

The editorial and contributed articles and notes in ACCOUNTANCY cover a wide range of subjects and are selected for their general interest. The views expressed are not necessarily shared by the Council of the Society of Incorporated Accountants.

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## Leasehold Reform

The size of the report of the Leasehold Committee—which sat under the chairmanship of Lord Justice Jenkins, who succeeded the late Lord Uthwatt—and the numerous recommendations made, suggest that there is considerable scope for the amendment of this important and difficult branch of the law.

One of the most important of the topics dealt with is the provision of security of tenure for tenants of trade, business and professional premises.

The Committee rules out enfranchisement. Instead, it suggests that the protection of the Rent Acts should be extended to ground lessees and to their sub-tenants, if they are in actual occupation. The Rent Acts as at present framed do not extend to such tenants, for the reason that the rent paid would be less than two-thirds of the rateable value of the premises.

The Landlord and Tenant Act, 1927, by conferring on tenants of trade and business premises the right to the granting of a new lease or, alternatively, to the payment of compensation, bestowed upon them some security. Unfortunately this Act has proved extremely difficult and costly to operate. In addition to proposing that the benefits of the Act should be extended to all types of business premises, including premises used for manufacture and for professional purposes, the Committee recommends that the grounds establishing the right to a renewal should be altered. No longer should the tenant be faced with the almost impossible task of proving the attachment of an adherent goodwill in the premises *directly* due to his trading and a consequent increase of rental value. He should be entitled to a renewal merely on proof that the value as a going concern of his business will be substantially diminished if he is compelled to vacate the premises. Another useful reform suggested is that the onus should be on the landlord to remind his tenant in good time of his rights and of the necessity of serving a notice of claim within the prescribed time. Hitherto, many tenants have lost such rights as they enjoyed, through their failure to comply with the technical requirements of the Act as to service of notices of claim and the like.

Relief from liability to execute repairs which are being unreasonably required

VOL. LXI. (VOL. 12 NEW SERIES) NUMBER 684

## Professional Notes

### Accounting Mission to America

IN OUR ISSUE OF MAY LAST (PAGE 147) WE ANNOUNCED THE DEPARTURE TO THE United States of a mission for the study of American accounting, costing and statistical methods as an aid to management. The team has returned home and is now preparing its report. During its eight weeks' tour the mission, under the leadership of Mr. Ian T. Morrow, C.A., F.C.W.A., examined the methods of more than 60 firms in nine American cities—firms ranging in size from the gigantic United States Steel Corporation and General Motors Corporation to some of the smallest concerns.

The members were impressed by the accounting information made available to management and the use made of it. The close co-operation between management at all levels and the accountants was noteworthy. The team found that American educational methods for management are advanced, particularly in making future managers familiar with the possibilities of control through figures and in acquainting future accountants with managements' requirements.

In the last ten years American office procedure has been revolutionised by the extensive use of machinery; the team found that the average American office worker is provided with much more mechanical power than his counterpart in Britain.



by a landlord is to be granted by the extension of the operation of the Leasehold Property (Repairs) Act, 1938, to all types of premises, irrespective of their rateable value, if let for a term of at least seven years.

Moreover, in the case of new leases of old houses, the lessee is not to be obliged to put the premises into a better state than at the date of his entry, unless he specifically covenants so to do.

At present a tenant of trade or business or professional premises is entitled in certain circumstances to recover compensation for improvements made by him to the premises. It is proposed that this right should be extended to tenants of residential or other premises.

Among other minor recommendations is one that a landlord is not to be entitled to withhold his consent unreasonably where the tenant is desirous of assigning or sub-letting, or of altering the user of the premises, even though the tenant may have entered into an absolute covenant respecting such acts. Another proposal is that the right of a tenant to secure the discharge or modification of restrictive covenants affecting the user of the property is to be extended by his being entitled to make an application under Section 84 of the Law of Property Act, 1925, if he has obtained planning permission under the Town and Country Planning Act, 1947.

### Business Names

During the year ended March 31, 1950, eleven firms, including six partnerships, were reported to the Board of Trade as having failed to state on their letter paper the particulars required by Section 18 (1) of the Registration of Business Names Act, 1916. Three of the firms, one a partnership, are being prosecuted.

A leaflet (R.19) issued by the Registrar of Business Names places upon the applicant the onus of showing that a name is desirable. The President of the Board of Trade was recently asked by what authority the Registrar did this, since the Companies Act does not place such an onus upon the applicant. The reply was that the leaflet was only for guidance and had no statutory effect. The leaflet said that names which included a proper name not that of the proprietors would not be

allowed except for valid reasons. The Registrar had in many instances taken the view that, in the absence of valid reasons, the use by an applicant of a name which was not his own was undesirable.

### Secrecy of the Census of Distribution

A new Order, the draft of which has been laid before Parliament, forbids the disclosure of any census information relating to particular undertakings without the written consent of those concerned. The only exceptions are for the taking of the census, preparing the census report or instituting proceedings under the Statistics of Trade Act, 1947.

The Order should ensure that no particulars of individual returns will become known outside the Census of Distribution office, even by other Government Departments or other divisions of the Board of Trade, except where proceedings are being taken under the Act or consent has been given.

### Negligence

The list of the kinds of negligence is never complete and the Courts continue to be filled with persons claiming damages for injuries suffered in circumstances usual and unusual. The refinements of these disputes may be of interest only to lawyers. For the accountant the important lesson is to make certain that he is adequately insured against all liabilities to which he may be subject. These liabilities fall under four headings.

Firstly, there is personal negligence, whether professional or otherwise. We hope that this heading is the least important, but the standard of care demanded from a professional man is high and the cost of defending even a successful action may be heavy. Outside professional activities the possibilities of negligence are almost endless: there was a recent case in which a pedestrian was held to have caused a road accident and to be liable in heavy damages.

Secondly, negligence by a servant. It has long been held that the master is liable for his servant's negligence if the negligence consists of an unauthorised mode of performing the servant's duty. It may be no defence to the master that he had expressly forbidden the servant to perform the act in question. The

scope of the master's liability has been considerably increased following the abolition of the doctrine of common employment by the Law Reform (Personal Injuries) Act, 1948. If the junior member of the office whose duty it is to make tea spills the tea over the senior clerk, the master may well be liable. The master's liability has, of course, recently been narrowed by the abolition of Workmen's Compensation and the substitution of National Insurance, but that has not taken away the servant's common law rights if the master or another servant is negligent.

Thirdly, there may be negligence as the occupier of premises (or in some cases the owner) towards persons entering the premises. The most common example of this, perhaps, is the slippery stair or worn path that causes a fall. The extent of the duty of care depends on the status of the person entering. He may come under a contract or be an invitee (one who enters on business which concerns the occupier as well as himself) or a licensee (one who is allowed to enter on his own business) or even a trespasser—the niceties of the distinctions need not here concern us.

Fourthly, there is the negligence of the occupier or owner of premises towards persons on the highway, who may be injured, for example, by the fall of a tile from the roof.

A formidable array of hazards, for which no prudent person will be his own insurer!

### The Widow's £1,000

When the Administration of Estates Act of 1925 came into operation it was considered reasonable that the surviving spouse on an intestacy should have £1,000. If that was reasonable then—a point on which some, who would regulate the amount according to the size of the estate, do not agree—it is clearly unreasonable now, when the equivalent purchasing power is about £600.

The Government is setting up a Committee to consider the rights of a surviving spouse under Section 46 of the Act and to report whether the Inheritance (Family Provision) Act, 1938, should be made applicable to intestacies. The members of the Committee have not yet been announced.

It seems a pity that the opportunity



has not been taken to have a more general investigation into the effects of the fall in the value of money on other statutory provisions fixing payments or rights in money terms. But the setting up of the new Committee, though it is limited in scope, is a step in the right direction.

### Incorporated Accountants' Research Committee

The Society of Incorporated Accountants has published a report on the work of the Committee since it was set up in 1934. Particulars are given of a considerable number of subjects on which research reports have been published or are in preparation. A number of the shorter reports appeared as articles in *ACCOUNTANCY*. One more extensive publication which was particularly well received was the book *Design of Accounts*, by F. Sewell Bray and H. Basil Sheasby, published by the Oxford University Press for the Research Committee. Three editions of this work, which has become a standard text-book in the accountancy profession, have appeared and over 6,000 copies have been sold. Another very successful venture was the publication of three brochures on *Company Accounts*, dealing respectively with the recommendations of the Cohen Report and with the Companies Acts of 1947 and 1948. Of these brochures, which were written by the authors of *Design of Accounts*, over 30,000 copies have been issued. A number of other publications include a brochure, *The Special Contribution*, by Mr. J. S. Heaton.

During the war a book on *Government Controls* was prepared by a special committee of accountants under the chairmanship of the chairman of the Research Committee, Mr. Bertram Nelson. A *Model Set of Accounts* was prepared for Army instructional purposes.

Among numerous other subjects upon which work is in progress are the following: periodical statements and returns; boot and shoe costings; local government finance; accountancy and management; accounting ratios; financial controls; the measurement of productive efficiency; punched-card systems and the accountants' contribution to management.

It is clear from this report not only, to use its own words, that "the experi-

ence of the last fifteen years shows clearly that there is much work to be done in the field of accounting research" but that the Committee is ably cultivating that field and holds out promise of heavier harvests to come.

### Accounting Research

The Incorporated Accountants' Research Committee sponsors the publication of a research journal, *Accounting Research*, published by the Cambridge University Press. It is stated in the Committee's report, which is dealt with in the preceding note, that at present about 2,000 copies of each issue of this journal, an unusually high figure for a publication of this type, are being sold.

The fourth issue of *Accounting Research*, completing the first volume, was published at the end of last month. It contains the following articles: "The Use of Sampling Methods in National Income Statistics and Social Accounting," by Richard Stone, J. E. G. Utting and J. Durbin; "The Classification of Assets," by A. A. Fitzgerald; "American Experience in Personnel Testing for Accounting Work," by Harold R. Caffyn and Arthur E. Traxler; "Replacement Cost Depreciation," by A. R. Prest; "Executorship Accounts Reconsidered," by F. Sewell Bray and Thomas Kenny; and "Direct Taxation and the Inflationary or Deflationary Effects of Fiscal Policy," by Leo T. Little. There are also shorter "Communications" and book reviews.

### Fifty Years of Gilt-Edged

A substantial volume, *British Government Securities in the Twentieth Century*, has been issued for private circulation by one of the leading firms of investment brokers. The book is a distinguished production, not only because it gathers together information about gilt-edged stocks and the public finances which is nowhere else available but because, with great typographical skill, it sets out the data in a form readily comprehensible and easy for reference. The attractive format is matched by the handsome binding. This is, indeed, one of the best publications to have come out of the City of London in recent years.

The work is divided into six sections entitled "The Market," "History of the Issues," "Analysis of the Debt," "Published Holdings of the National

Debt Commissioners," "Miscellany" and "Charts." Anyone seeking information on the history of a particular Government security, on almost any factual aspect of the long-term financing of the State or on the broad implications of public finance for the investor and the public, could not do better than consult this work.

A copy of the book has been presented to the Library of the Society of Incorporated Accountants and is available for reference there.

### Solicitors' Accounts

The annual report of the Council of the Law Society for 1949-50 states that its Professional Purposes Committee gave instructions for 40 inspections of solicitors' accounts to be made. The Committee found it necessary to have 904 reminders sent in December of last year to solicitors who had not delivered accountants' certificates.

### More Birthday Honours

We are pleased to record honours received by two further members of the Society of Incorporated Accountants, in addition to those noted on page 232 of our July issue.

Mr. A. L. Ross, A.S.A.A., Actuary to the Edinburgh Savings Bank, becomes a Commander of the Order of the British Empire. Mr. E. G. White, A.S.A.A., Senior Accountant, Ministry of Pensions, Blackpool, is a Member of the same order.

### Tribunals of Last Instance

The desirability of providing some method of appeal from rent tribunals was stressed recently in the Courts. The only remedy open to a party aggrieved at the decision of one of these tribunals is to apply to the High Court to quash the decision by an order of *certiorari*. To obtain an order, however, a would-be appellant is faced with the extremely difficult task of proving that the tribunal has exceeded its jurisdiction. Parliament has thought fit to clothe rent tribunals with the widest possible discretion in fixing rents, and the Court cannot interfere even though it is evident that, in arriving at its determination, the tribunal has misdirected itself on the facts and figures.

Indeed, in one of the most recent cases before the High Court, *R. v.*

*Brighton Rent Tribunal*, the Divisional Court laid down that a rent tribunal may order a reduction of rent without hearing any evidence in support—even though the landlord may have proved that with the existing rents the property is being run at a loss.

An ordinary Court of law cannot determine a case without evidence, and one can see no reason why a rent tribunal should be placed above the law in this respect. No doubt it may have been the intention of Parliament that such tribunals should dispense rough and ready justice, which may be all to the good in the case of small properties let at low rents to persons unable to afford the expense of litigation. But this same reason cannot hold with the large number of applications for reduction of rents of furnished premises, let to persons who, from the amount of the rent itself involved, would appear to have sufficient means for the purpose of indulging in the luxury of making what in a large number of cases prove to be nothing but frivolous applications.

The practice of setting up tribunals, and placing them beyond the control of the Courts or of some higher body, should cease. A similar trend whereby Government Departments are made judges in their own cause has also gone far enough. Such Ministers as the Minister of Health or of Town and Country Planning, for instance, are entitled to sit in judgment over their own Orders if objection is taken to them. But here at least there is usually some measure of control, for in many cases an express right of appeal to the High Court is conferred on aggrieved persons.

As far as rent tribunals and similar bodies are concerned support from all quarters would be given to the setting-up of some appellate body, by which the decisions of the tribunals should in future be reviewed.

#### Stores Accounting in the Service Departments

Reports of the Comptroller and Auditor General have revealed defects in the stores accounting of the three Service Departments. According to the third report of the Committee of Public Accounts, the recorded stock losses of the Departments were mainly due to accounting errors which, in turn,

resulted from shortage of staff and the much greater range and quantity of stores now handled. The Committee is concerned at the inadequacy of their stores accounting, which it considers essential to economic administration and full operational efficiency.

#### New Company Legislation in Australia

We have received the following note from our Australian correspondent, Mr. R. Keith Yorston, B.COM., F.C.A. (Australia).

English accountants who are interested in Australian companies require a knowledge of amendments to the company legislation in any State of the Commonwealth, for repercussions frequently occur in the Companies Acts of other States.

In December, 1943, a new Companies Act was passed in Western Australia and that State acquired what purported to be the most modern Companies Act in Australia. Although this Act did not come into operation until December, 1947, it has already been the subject of three amending Acts. The latest amendment was assented to in October of last year and the Act is now cited as the Companies Act, 1943-1949. This amendment, although much of it concerns details of the machinery, contains some important changes. Under the heading of "Disqualification of Auditors," the existing Section is replaced by a new one which reads as follows:

Subject to the provisions of the next succeeding sub-Section, no person shall be qualified for appointment, or act, as auditor of a company while—

- (a) a director or officer or servant of the company;
- (b) a partner or employee of an officer or servant of the company, or the employer of an officer of the company;
- (c) a body corporate;
- (d) indebted to the company in a sum exceeding two hundred pounds.

Penalty—Fifty pounds.

The provisions of the last preceding sub-Section shall not apply to any person referred to in paragraphs (a) and (b) of that sub-Section where—

- (a) the company is a proprietary company; and
- (b) the person has been appointed auditor of the proprietary company by a special resolution.

An important new provision allows any register, index or accounts required by a company to be kept either by making entries in bound books or by recording the matters in question in any other manner. Where such entries are not kept in bound books, adequate precautions must be taken for guarding against falsification, and penalties are provided for not taking adequate precautions against falsification.

#### The Society's Examination Results

The results of the Final Examination held in May last, published in this issue, show that while the number of candidates who presented themselves for examination was a record, the number of successful candidates, 137 out of a total of 592—no more than 23 per cent.—is exceptionally low.

The standards of questions and of marking were in accord with those of previous examinations and the regrettable results are not due to any variation in the Society's policy or methods.

It may well be that the abnormal conditions created by the war and the concessions which the Society, in common with other professional bodies, grants to ex-service men largely account for the present position. These concessions include relaxation in the educational standard required of candidates, reduction in the period of practical training, and exemption from the Intermediate Examination. It is a significant fact that 274 of the 455 unsuccessful Final candidates had been exempted from the Intermediate and so had missed the advantage of the test of progress which that examination provides. Evidence of insufficiency of practical experience is afforded by the inability of many candidates to answer questions demanding knowledge beyond the formulæ of text-books. The war, too, has caused an increase in the average age of candidates, and economic pressure to become self-supporting has undoubtedly induced many candidates to enter for the examination somewhat prematurely.

While the Council appreciates these difficulties, it would be a dis-service to the candidates themselves, to the profession and to the public if sympathy were allowed to cause any deviation from the Society's standard of qualification.



# ACCOUNTANCY

FORMERLY THE INCORPORATED ACCOUNTANTS' JOURNAL ESTABLISHED 1889

The Annual Subscription to ACCOUNTANCY is 17s. 6d., which includes postage to all parts of the world. The price of a single copy is 1s. 6d., postage extra. All communications to be addressed to the Editor, Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2.

## Financial Defects of the Planning Act

MANY PEOPLE HAVE CRITICISED THE Town and Country Planning Act of 1947. Some have suggested, in broad terms, ways in which the Act should be amended. But only a few of the critics have had enough practical knowledge of the Act to make detailed proposals for altering its planning procedure or for changing its financial arrangements. The task has now been undertaken—and undertaken very successfully—by the Royal Institution of Chartered Surveyors, in a report which has just been published.\*

The Royal Institution's critical examination of the Act is the more valuable because no hostility is shown towards it as an instrument of planning policy. What the report attacks is the frustrating effect of controls that remove all incentives for users and developers of land, and the unfairness of the scheme for compensation.

This report is of particular importance to accountants because, perhaps for the first time, planning control is examined fully in the light of its financial implications. "Whilst in its widest sense, town and country planning is primarily a matter of land use, the financial aspects of its local implementation are of first importance. Planning can only survive if it is financially and economically profitable."

It will be recalled that under the Act a total of £300 million is to be paid to owners of property to compensate them for the hardship caused by the depreciation of land values. An owner who has lost development value as a result of the Act is not on that account alone entitled to compensation. If he cannot

make out a case for hardship, his chances of receiving a share of the global sum are remote. One of the major changes therefore recommended by the Royal Institution is that claims for loss of development values should be met in full, without restriction to grounds of hardship or the limitation of a global sum.

This recommendation has not been lightly made. In drafting its report the committee set up by the Council of the Royal Institution looked carefully into the adequacy of the compensation fund. They point out that the £300 million is computed to include £150 million for development values in undeveloped land and a like amount for development values in under-developed land. Regarding the first half of the global sum, they say: "It is widely expected that the amount is likely to prove inadequate. . . ."

The memorandum contains interesting observations on the theory that the aggregation of individual claims separately assessed would result in a sum in excess of the true composite total of development values. Those who favour the restriction of compensation to a pre-determined global sum have often suggested that individual claims for compensation reflect an "over-bid," due to claimants over-estimating the chances of developing particular pieces of land. The committee shows how this over-assessment can be avoided. If all claims were referred to the District Valuer for negotiation and settlement, the Institution contend that over-valuation would not occur, and that compensation would be ascertained by valuation instead of by mathematical computation. The logical outcome of that procedure is that claims should be met in full.

If the Government finds these recommendations too sweeping, it is to be hoped that it will at least remove one major cause for criticism. The present uncertainty whether the £300 million in the central fund will or will not be sufficient to compensate claimants fully is harmful to the working of the Act. On the one hand, pessimistic estimates are heard suggesting that claimants will be fortunate if they receive 1s. in the £. On the other hand, when Sir Malcolm Trustram Eve, prior to his retirement as chairman of the Central Land Board, made a last-minute appeal to landowners urging them to submit claims for compensation, it almost seemed that there was too much money and too few claims. Surely by now an authoritative statement can be issued giving a reasonably accurate forecast of the way this very large and important fund is likely to be distributed? In the absence of such information, it is not possible fully to assess the merits of the Royal Institution's proposals that the settlement of claims should be limited neither to the global sum nor to cases of hardship. There are now less than three years to expire before the compensation is payable in the form of Government stock, and if the report instigates an early official statement on the relationship which the total claims bear to the available funds, it will have served a most useful purpose.

The report is also critical of the present method of assessing development charges. It advocates a levy of less than 100 per cent of the increase in value due to the granting of planning permission. Such a reduction would be an incentive to owners to develop their land, as they would then be entitled to benefit, if only partially, from transactions in land. Development would then occur where the financial index—is there a better one?—showed that it was most needed.

It must gratify those who drafted the report to find that their view that "some relaxation in the control of uses is possible, without prejudice to the public interest," has coincided so closely with limited relaxations in planning control recently announced by the Minister of Town and Country Planning. However, if the development of land is not to be impeded, their further proposals should be urgently considered by the Government.

\* The Town and Country Planning Act, 1947. (A Memorandum published by the Royal Institution of Chartered Surveyors, 12, Great George Street, Westminster, S.W.1. Price 5s. net.)



# Mechanisation in the Office

*For efficient and economical operation of the office in large businesses, accounting machines are essential. But in the large organisation and the small alike, these machines have revolutionised accounting procedure, making a daily proof of the accuracy of all accounting entries possible without excessive effort. They thus obviate rush periods at the end of the month or year, allowing the accounting routine of the firm to be based on a daily cycle. By enabling time-standards to be equitably fixed for various parts of the office work, they permit efficiency to be measured—a fact which is not generally recognised, the present widespread interest in efficiency measurement being largely confined to the factory.*

*In this article Mr. Nightingirl first considers the various kinds of mechanical devices available and then discusses questions concerning their installation in the office.*

By J. D. NIGHTINGIRL, A.S.A.A.

## MECHANICAL DEVICES

AS AIDS TO OFFICE EFFICIENCY, ALL OFFICE EQUIPMENT should be considered—not only accounting machines but also typewriters, adding and calculating machines, addressing machines, mailing machines and so on. But only accounting machines will be dealt with in this article—omitting, even then, punched card machines, which are in a category all of their own—with an introductory reference to adding machines.

Adding machines have a special importance as the precursors of the modern accounting machines. The accurate and rapid addition of figures—an increasingly important operation as trade grew—was facilitated by the early adding machines of last century. Gradually these machines were developed into larger ones which operated with wider carriages and in which adding and written operations were combined. The combination of two or more such operations is the basis of all accounting machines.

Each type of modern machine is continually being developed to widen its range so that its use spreads into previously untouched fields. As an example, there may be quoted the “bank teller’s” machine which has recently been introduced on the market. This shows promise of being of great benefit to both the banks and their clients. It is an ingenious development of the simple adding machine. Each bank cashier has a machine on his counter. Every transaction is recorded by the cashier on the machine which accumulates the amounts and facilitates the cash balancing. All operations previously written by hand are done efficiently and at great speed. Discrepancies or defaults on the part of the client or cashier should be impossible.

The diversity and range of book-keeping machines are not generally appreciated. These machines range from the small desk model, suitable for all the ledger work in offices with a small volume of sales and purchases, to the much larger statistical accounting machine. This machine, in addition to posting ledgers and the like, can analyse simultaneously into as many as nineteen columns. To illustrate the efficiency and scope of present-day accounting machines, two features of such a machine now available might be mentioned. Firstly, addition and subtraction are automatic in all registers in any column; thus, if all columns have been utilised in a posting run, twenty totals

are automatically given on the completion of the analysis. Secondly, if the operator has made an error in analysing the total, the keyboard automatically locks, thus preventing another line being started before the error is corrected.

Machines cannot eliminate all human error, though they can reduce it. The opening balance of an account has to be picked up by the operator and an amount from the posting media has to be posted—these two operations depend upon human accuracy. However, the machine can and does bring to light any errors which have been made. One remedy for the possibility that the operator might pick up incorrect figures for the opening balance would be for all balances automatically to be accumulated inside the machine, so that it—and not the operator—picked up the opening balance; on the posting of a debit or a credit, the machine would then automatically increase or reduce the balance it held for the particular account. An attempt to introduce this improvement was made before the war. There was put on the market a machine which could store up individual balances for from 400 to 10,000 separate accounts and could produce the balance figures as and when required. Each account was numbered and the selection of any account number actuated a particular portion of the mechanism in such a way that entries made for that number were accumulated and stored up as one total until taken out of the machine. Apart from giving individual balances, by the setting of a lever the machine could be operated to list all balances automatically. Though this machine was not a commercial success, it had the great advantage that it eliminated at least one further element of human fallibility. Even in this case, however, the operator had to select the right account numbers!

Development will no doubt continue and experiments have already been made in the use of electronics. It is by no means fanciful to foresee, for example, that accounting transactions at branch offices will be electronically recorded simultaneously at the head office. It seems to the writer that so far as concerns book-keeping machines, development could most usefully take place in facilities for analysis. As previously mentioned, a multiple-register machine can be obtained that will analyse totals into nineteen columns. But there may well be a greater number of analysis columns required, so that one register has to be used as a “sundries” column for items not provided for in

the existing analysis. Where this is so, further analysing is at some stage required. Thus the number of times a particular item has to be analysed is doubled and the risk of a classification error is increased.

The increasing flexibility of machines has already been mentioned. It is opportune to list the varied functions capable of being undertaken by a type of machine available from most of the well-known manufacturers :

(i) *Sales Ledger*

Ledger card, statement and sales journal sheet posted in one operation. Analysis is also possible.

(ii) *Purchases Ledger*

Ledger card, remittance advice note and purchases journal sheet completed in one operation. Analysis is again possible during the posting operation.

(iii) *Nominal Ledger*

Posted as and when required. It is assumed, of course, that this ledger is also loose-leaf.

(iv) *Cost Ledger*

Where applicable, posted daily. Not only is the total cost-to-date figure obtained but also sub-totals of all the elements of cost. During the posting operation, the cost journal sheet is automatically prepared.

(v) *Cash Book*

Cheque, copy for posting purposes and outwards cash sheet are all products of one posting operation. Similarly, receipt, posting copy and inwards cash sheet are prepared for cash received. Again, cash analysis can be a further by-product of both operations.

(vi) *Wages*

Wage record card, pay-roll and pay slip are simultaneously produced.

These different operations are possible either without any alteration of the machine at all or by changing the control bar—an operation requiring only a few seconds.

The types of accounting machine are almost limitless ; but the range of machines available for one particular purpose is not generally realised by accountants and business men. Let us take ledger-posting as an example. Some machines simultaneously post ledger card and statement and produce a journal sheet (which is maintained permanently in the machine until the posting run is completed). The journal sheet shows details of all the entries, that is, postings and balances. Its use for checking purposes is obvious. Other machines merely post the ledger card and statement without producing any journal sheet. Again, the ledger card and statement can either be superimposed in a machine or they can be inserted side by side, the latter arrangement having the advantage that both records then have original entries.

There is also a variety of keyboards. Some machines have a full typewriter keyboard in addition to the number keyboard. Others utilise a media symbols keyboard instead of the full typewriter alphabet, in a similar form to that used by banks. The full typewriter keyboard is often claimed as a selling point by some manufacturers. In practice, the symbols keyboard is usually quite adequate for most businesses.

One further machine, which should be mentioned because of its increasing use, is the Fanfold machine for writing or typing on continuous multi-copy stationery with automatic

insertion and withdrawal of carbons. The stationery is printed and folded in such a way that the copies are counterfolded with the originals and fed through the typewriter as a continuous ribbon. It is very suitable for preparing invoices, sales and order records, etc.

The preceding discussion is mainly of book-keeping accounting machines—intentionally so, because mechanisation is usually originally introduced in offices for performing all ledger work by mechanical methods. The complete accounting arrangements may well be mechanised at the same time, but the writer has seen a number of systems in which ledger work only is mechanised, the cash book, etc., remaining on a manual basis. Even though this procedure may originally have been adopted on grounds of economy (a doubtful reason) nevertheless it is often quite satisfactory.

## THE INSTALLATION OF ACCOUNTING MACHINES

### (1) THE PEOPLE CONCERNED

The planning and installation of mechanised office equipment primarily concerns four groups of people—the directors and executives, the machine manufacturers, the auditors and the operating staff.

#### (a) *Business Directors and Executives*

The executive sometimes does not interest himself in the possibilities of machine application to his own business. He may not appreciate the efficiency to be expected from a mechanised system, if intelligently planned. He may think only in terms of immediate costs. Yet if a machine costing £1,000 will save one clerk at a salary of £300 a year, the economy is manifest, as the life of the machine is certain to be at least ten years. Even if he correctly assesses the advantages of mechanisation, he may consider that his organisation is so individual that only his own staff could install a mechanised system. Hardly ever is an organisation so individual as this—to believe it is usually means that the basic fact has not been learned that the general principles of machine application can be adapted to the functioning of any particular accounting operation. The planning of an efficient mechanised system depends on the combination of wide experience in mechanisation generally and acquired knowledge of the particular features of the office under survey.

#### (b) *The Manufacturer*

The first aim of the manufacturer is to sell his machine. Usually he will have an extensive sales organisation : the members of it are often held out as experts in the planning and installation of machine systems. Unfortunately, particularly with some of the younger and less experienced salesmen, the claim is sometimes exaggerated. Again, some salesmen certainly consider their commission inadequate to compensate them for the time spent in planning an efficient system in a business having individual problems, for there is no certainty that an order for their company's machines will follow.

Nearly all accounting machines that have been on the market for any length of time are reliable and efficient.



The fact that many systems do not function properly is not the fault of the machines but results from a lack of detailed co-ordination and planning. However, the "selling points" of the machine salesmen have sometimes to be examined critically. For example, it was claimed for a particular machine that a posting error could be corrected at any stage in the posting operation. This was certainly true, but only because the cycling of the machine was not fully automatic, a motor bar having to be actuated to operate the machine at each point in the cycle.

Accounting machinery functions most efficiently when its installation and operation harmonise with the entire accounting organisation of the business. To achieve this harmony, it seems to the writer that the machine manufacturers should collaborate much more closely with the accounting profession. Machines cannot be designed to suit the auditor, but all manufacturers would benefit by seeking the advice of auditors in their design, having regard to internal control, analysis problems, etc.

#### (c) The Auditor

It can hardly be denied that generally the accounting profession did not take kindly to the introduction of accounting machines. To the present day, many members of the profession have neglected a study of machines and their application. This is disappointing because, as already mentioned, an auditor should be ready at all times to give his advice on improvements and modifications in the accounting organisation of his clients—including the use of machines. He will usually have had experience of a number of different kinds of organisations and as a result should have a fund of observations on internal control and auditing procedure.

A machine system is necessarily based on loose-leaf records. Many accountants are still prejudiced against them, although the banks adopted them many years ago and a Section of the Companies Act, 1948, was devoted to them. Section 436 of the Act states *inter alia* that where records are kept by this system "adequate precautions shall be taken for guarding against falsification and facilitating its discovery." This requirement presents no difficulty, for the records need only be loose-leaf while in active use: there are many facilities for locking and binding.

To summarise the position of the professional accountant during machine installation, it might be said that he is in the position of an unbiased third party who can assist in an impersonal capacity—a position which cannot be occupied by a member of the organisation under survey or by the manufacturer, whose main interest must be the sale of his machine.

#### (d) Staff

It is important that the machine selected should be suitable for the operator and, equally, that the operator should be suitable for the machine. The existing book-keeping clerks might be quite unsuitable as machine operators. There is often some bewilderment in the office during the installation of a mechanised system. But if the staff are brought in during the later stages of the discussions and are kept fully informed of the suggested procedure, they may not only contribute some useful suggestions but will

usually endeavour to make the whole installation a success instead of being permanently prejudiced against it.

Staff should always be encouraged to report immediately any difficulties which arise during machine operations. Most manufacturers are usually very willing to assist long after the initial installation. The writer knows of one manufacturer whose assistants, without charge, worked until the early hours of the morning agreeing a company's ledger control account when the operator had got into difficulty.

A word of caution. The use of one or two multiple-function machines means that most of the book-keeping operations, in a small office at least, are done by one or two operators. Thus the day-to-day functioning of the accounting department may be seriously jeopardised by the continued absence of an operator, unless another member of the staff has been trained to act as a machine operator in an emergency. It is always advisable to take this precaution, though some of the machine manufacturers can provide operators temporarily for users of their machines.

#### (2) FACTORS TO BE CONSIDERED

It must first be emphasised that the machine is not a book-keeping system on its own but merely an accompaniment of the system. The machine mechanises operations which were previously done manually and they must obviously be integrated into the office organisation as a whole. The approach to the problem must be constructive and a scheme devised before particular machines are considered. The manufacturers can often adapt their machinery, whereas the accountancy operations cannot always be altered without an unjustified amount of re-organisation.

In considering whether to mechanise, a meeting between the directors, managers and auditors is advantageous. The meeting should discuss at least the following points:

- (i) Is the present system overburdening the staff and is the future volume of work likely to expand or reduce?
- (ii) Apart from the possibility of over-working of the staff, is the existing system otherwise satisfactory?
- (iii) Are there inherent defects in the manual operations which mechanisation would remedy?
- (iv) Is information required of the accounting system which could not at present be given without unreasonable delay and cost?
- (v) Have there been outside comments on the office organisation, for example, delay in receiving statements?
- (vi) Is the existing staff suitable for the operation of machines and if a question of the redundancy of staff arises, can they be utilised elsewhere in the organisation? Is it likely that a staff training programme will be desirable? (If this is so, arrangements must be made at an early stage.)
- (vii) Will the internal control require amendment?

There are, of course, more general considerations on which a view would presumably be taken before the meeting was called. It should be apparent, before the change was further examined, that mechanisation would result in speedier and more accurate completion of the existing operations, in more information being available at an early date, in a reduction of labour and labour hours required to complete the accounting transactions, and in more effective office control, particularly credit control.



The various stages of the inauguration of the new system, to be put in hand following the decision to mechanise, may be usefully split into six. These six stages are described below. One satisfactory method of ensuring that the system is brought in with the minimum of difficulty is to have a small committee or group responsible for carrying through the change. Such a group should consist of an executive of the company, the representatives of the machine manufacturers, the auditors and some of the staff who will operate the new system.

#### First Stage

The representatives of the manufacturers should be given the ideas of the management on the system required and should then be asked to propose a scheme, being given full facilities to examine the organisation. The management should be able to lay down the general principles to be followed without, at this stage, concerning themselves with details.

#### Second Stage

As schemes are received they should be fully discussed with the manufacturers' representatives and the auditors. Charts are of great value and if possible they should be drawn up showing in suitable form both the existing organisation and the proposed new scheme. There are several ways in which such charts can be compiled. One method is to take each member of the accounting organisation and to chart every activity undertaken by this employee, leading to the integration of his duties with those of other members of the staff. Another way is to take each accounting record of prime entry at present used and to chart its uses and the staff using it. Alternatively, each "accounting process," for example, a purchase or a sale, could be broken down into the entries made for it, the staff making them and the records used for taking them. Particular attention should be paid to obvious overlaps in the present accounting arrangements, and it must be ascertained that mechanisation will eliminate them.

It is also necessary to consider whether it would be economical to maintain some of the accounting operations on a manual basis, or even to have a general combination of manual and mechanical methods. The determination of the scope of mechanisation is one of the main problems. It often happens that increased efficiency and economy will arise from a more complete mechanisation than originally intended. However, suffice it to say that in any proposed installation, a complete review of the accounting organisation is essential and possible improvements must be sought even after the original plan has been agreed.

#### Third stage

Once a scheme has been agreed, a detailed examination should be made of the machines suggested for its operation. The following are among the more important questions to be asked :

- (a) Is the main function of the machine to be ledger posting, or are both posting and analysis required? Upon this decision rests the number of registers a machine should have. Many manufacturers over-estimate the virtues of multiple-function machines. In some cases, these machines certainly reduce the time taken to complete a cycle of work, but the combination of (say) two functions in one operation

does not necessarily mean that the total time taken is halved, or even reduced. In fact, it is possible that more time may be taken in their completion than if they were undertaken separately.

- (b) What further operations are required of the machine, for example, can it, if required, handle wages? Has it facilities for analysis? Again, many firms use entirely different types of machines, a factor which must be considered at an early stage of a proposed installation. Instead of a multiple function machine which, as already described, will undertake the posting of cash and goods, writing of cheques, etc., one machine may be purchased which will solely complete the ledger posting work, another whose main function will be cheque and receipt writing, and possibly a third for analysis work. It depends on the volume of work.
- (c) Is a full typewriter keyboard necessary in addition to the number keyboard?
- (d) Is it preferred that the ledger and statement should both be originals rather than collating the two forms with carbon paper inserted between them?
- (e) Does the carriage automatically open at the end of the posting run and, similarly, does it return to the starting position without manual effort?
- (f) Are totals printed automatically on depressing the motor bar?
- (g) What are the facilities for correction and for proving the accuracy of the postings and new balances?
- (h) Is subtraction, as well as adding, possible in each register?
- (i) An estimate should be made of the machine speed. It should be noted that the number of operations required to complete a posting run is not necessarily a satisfactory criterion.
- (j) Is the existing stationery suitable for machine use, or will the machine chosen necessitate a complete revision of the office stationery, ledger cards, etc.?
- (k) Are noughts printed automatically?
- (l) Is there a time-lag in delivery?
- (m) What are the maintenance contract terms?
- (n) What is the cost? Will this be above the catalogue price because of machine alterations necessary to suit the system?

#### Fourth stage

A demonstration of the machine chosen should then be arranged. It is essential that the demonstration should be in conditions as nearly as possible the same as those in which the machine will be operated. Suitable stationery should be used. If a ledger posting run is to be demonstrated, a number of posting media should be prepared covering various parts of the ledger. If the ledger system is not already loose-leaf, some such system should be built up, the active cards first being found and sorted by the operator. This is important, for much time can be wasted in mechanised systems in the collection of the material required for a posting run. If staff are available the collection and sorting should be done before the material goes to the operator; the pre-listing of the posting media is also advantageously done by a clerk other than the machine operator. It cannot be too strongly stressed that close attention must be paid to the possibility of idle time, as this can obviate many of the advantages of machine posting if the system lacks co-ordination. When a system is being planned, the detailed organisation leading to the supply of accounting material to the operators should be planned just as much as the machine operations.

### *Fifth stage*

At the same time the staff position must be reviewed. The necessity for this step has already been mentioned. It is merely necessary to add now that while some staff economy should be obtained from the installation, it is essential that the machine should be in use as nearly as possible throughout the working day, a small marginal time-allowance being left so that the machines can adequately cover a rush period or an increasing volume of work.

### *Sixth stage*

When the scheme and the types of machines to be used have been agreed, a fairly comprehensive schedule should be drawn up for their installation. This can usually be done in stages over a set period of time. The mechanisation of ledger work can usually take place at the end of any month, preferably after the slackest month of business, whilst it is often found that other parts of the organisation are best left until the end of the financial year or the end of an interim accounting period. However, the schedule will usually depend on facts relating solely to the particular company. In a complete change-over from manual methods it is usually best to mechanise in stages, taking the

largest sections of reorganisation first; these will usually relate to the sales and purchases ledgers. It has been advocated by some that at least part of the old system should be retained until the mechanised methods have proved completely satisfactory. Apart from the obvious duplication of work which this would involve, changes in, for example, the form and supply of posting media might result in the old system being very difficult to maintain in its existing state. Similarly, the same material might be required by different staff at the same time. Whilst no hard-and-fast rule can be laid down, it is obviously desirable that, once undertaken, the change-over should be complete.

As an alternative to the plan of installation set out under six stages in these suggestions, some companies might want to work out on their own a mechanised system, presenting a final plan to one machine manufacturer, together with details of the proposed type of machines to be employed. This procedure is eminently satisfactory, provided it is possible for one of the senior accounting staff with an extensive knowledge of machine installation to devote the whole of his time to planning and installing the system. It has an advantage in that he should know exactly what information the management requires from the accounting system.

## Points in Practice

### GIFTS INTER VIVOS

THE FOLLOWING NOTES WERE COLLECTED before the publication of the comprehensive article, "Estate Duty and Property Deemed to Pass," in the July issue of this journal (pages 246 to 250). High rates of estate duties make the whole subject of continuing interest to practising accountants: we therefore feel justified in further elaborating a small section of it.

#### Requisites of Valid Gift

For a gift not to attract estate duty on the death of the donor, the following conditions must be satisfied:

1. It must have been made more than five years, or more than one year if for public or charitable purposes, prior to the death of the donor.
2. The donee must have assumed absolute possession and enjoyment thereof to the complete exclusion of the donor prior to that date.
3. The donor must have been excluded from any benefit arising therefrom by contract or otherwise.

It is to be emphasised that the gift must be an absolute one and the donee must not retain any control over the property or the income therefrom. The donor may be

appointed a trustee over the property provided it is apparent that the entire income passes to the beneficiary.

Duty is not payable if the donor dies on the fifth anniversary of the gift.

#### Dispositions for Valid Consideration

Dispositions of property for consideration in money or money's-worth are not liable unless some element of bounty can be proved and in these cases the onus of proof rests with the transferee. Marriage is a good consideration for this purpose.

Section 44 of the Finance Act, 1940, as amended by Section 40 of the Finance Act, 1944, makes it necessary to review any gifts made to relatives in consideration of annuities and any series of payments, whether of similar amounts or otherwise, limited to cease on the death of the donor or any other person. Such transactions are not deemed to be for good consideration and the original gift must be disclosed as a gift *inter vivos*. In these cases relief is granted by the Finance Act, 1944, which allows as a deduction the total payments made to the deceased under the contract, subject to those payments being first reduced by the income received by the beneficiary from the

original gift (or by an agreed amount of interest on the amount of the gift).

#### Date of Gift

It is important to note that the date of the gift is the date when the property is vested in the donee.

When shares are transferred, there may be some delay in completing the transfer or in agreeing the value for stamping purposes or in the passing of the transfer by the directors of the company; yet, it must be emphasised, the gift is not completed on the date when the transfer is signed, but on the date when the transferee is entered in the company's books as the owner of the shares.

The passing of a donor's cheque is not a gift until the date when the cheque has been paid by his bankers.

#### Value of Gift

The value for duty purposes is the value of the actual gift as at the date of the donor's death. Improvements made to the property by the donee at his own expense are excluded.

On the same principle, if the donee pays premiums on a policy effected on the donor's life, the value of the policy at the date of death is reduced by the premiums so paid and by interest on those premiums.

If the gift is in the same form as when received, no particular difficulty in valuation will be experienced, except that if the gift was one of shares in a private company, the normal problems of valuing the shares will be encountered.

Frequently, the donee, after receiving the



gift, makes changes in the gift property, for example, by selling shares and reinvesting the proceeds. In these circumstances, the value of the gift for purposes of estate duty is the value, as at the date of the donor's death, of the actual property received: it is not the value of the property acquired in the place of the property received as the gift. On the other hand, if the gift property has ceased to exist, no duty is payable; where, for example, the gift was a racehorse, whose demise preceded that of the donor, estate duty is not levied.

As a further illustration of the principle, take the case where the original gift was shares which subsequently entitled the donee to receive an issue of bonus shares.

The value of the gift would be calculated on the number of shares actually received from the donor and the value of those shares on his death, for the bonus issue was not a gift of the donor's. Thus, assume the gift was of 500 shares which at the date of the gift had a Stock Exchange value of £2 each, and subsequently a bonus issue of 500 shares was received by the donee, which had the effect of reducing the Stock Exchange value to £1 per share. With these facts persisting at the donor's death, the gift would be valued at £500 and not £1,000.

A gift of money is deemed to be of the same value at the date of the donor's death as when received. One cannot, therefore, use the economists' argument that the

purchasing power of the gift has declined. If, however, the gift is in a foreign currency the value is calculated at the rate of exchange ruling on the donor's death.

On the other hand, if the donor uses an agreed sum of money to purchase property for the donee, or instructs the donee to use such money in purchasing a specific property, the property is valued. For the gift to be treated as a gift of money the donee must have been free to use it in any way.

Settlements existing at the donor's death are valued on the basis of the property comprising the trust at that date. The basis is different from that applying to absolute gifts, for the settled fund is treated as having a continuing identity.

## Notes from Across the Atlantic

By CECIL A. ELLIS, A.S.A.A., C.A. (Canada)

### Opportunities for Service

AS MAY BE GATHERED FROM THESE NOTES FROM time to time, much is being said and written on this side of the Atlantic regarding opportunities for professional accounting services to the community. In this connection one may profitably reopen *The Journal of Accountancy* of November, 1949, and, from an article by Mr. Myron E. Guill, C.P.A., recall the following words of John Carey, who is executive director of the American Institute of Accountants. Mr. Carey said:

"There is a widespread need for systems, cost accounting, budgetary control, financial control, internal check, accounting aids to pricing, public utility rate making, financing, labour relations, dividend policies, compliance with Government regulations, etc.," and "a Certified Public Accountant is often the only adviser available to small and medium-sized business firms. However, Certified Public Accountants have often not attempted to develop this field of practice. If the accounting profession sits idly by, it may lose out to the many management engineering firms which are now springing up."

Wherever professional accountants find difficulty in obtaining satisfactory outlets for competent services they may well give consideration to Mr. Carey's words. With the rapid development of business, many far-reaching changes are currently taking place. It would seem that such changes merit the close attention of the professional accounting bodies. It may well be that those bodies could advantageously follow Mr. Carey's implied suggestion by making frequent studies of the ever-changing needs

of business, and of the ways in which those needs could be met by professional accountants. Some well-conceived and effective publicity from authoritative sources would, perhaps, also be in order. It should show industry that whenever sound financial advice can be helpful, the trained professional accountant is the best means through which it may be obtained. Any undue timidity in this respect may, to use Mr. Carey's words, cause the accounting profession and its members to "lose out" on services often urgently required by industry. By and large, the importance of this matter is becoming increasingly apparent on this side of the Atlantic. Sooner or later it must be faced.

### Canada's Industrial Stature

The duties of a professional accountant take on a pleasurable character when he can assure his clients that business has been good and that the profits are all available.

Canada's imports have grown from an average of \$685 million per annum during 1935-1939 to \$2,761 million for the year 1949; her exports, which averaged \$884 million per annum during 1935-1939, were \$2,993 million during 1949. While the increase in the net "favourable balance" is small, the larger growth in both imports and exports shows an increased activity of which Canadians may well be proud.

From your point of view in Britain, we here are entrenched in the "dollar area" and our currency is "hard." Yet we are ourselves facing an acute shortage of American dollars: the fact that we sell so many goods to you and buy so many from the United States creates serious difficulties

of which the solution is not yet in sight. Nevertheless, Canadians can naturally find satisfaction in the fact that their country has become *per capita* the largest trading nation in the world.

Greater satisfaction would be felt had a bigger part of the additional activity represented increased trade with the United Kingdom. Apart from the sentimental feelings for Britain which most of us have, our dependence upon American imports is, as stated, a source of difficulty and it is well realised here that a prosperous sterling area is essential to sound international trade and a peaceful world.

### A Welcome Milestone

Satisfaction here with the industrial growth evinced by the figures just quoted is in no way lessened by some interesting particulars shown by the *Canadian Statistical Review* for June. The publication shows that, for the first time in many years, the United Kingdom, during March and April of this year, exported more to Canada than she imported from the Dominion.

While the emergence of this favourable balance of trade is mainly the result of restrictions in British imports from Canada, the figures show increases in exports to Canada, compared with the corresponding months of 1949. Seeing that devaluation of sterling compels Britain to pay more dollars for her imports, and to receive fewer dollars for the labour and resources embodied in her exports, it is apparent that a mighty industrial effort has been made in the United Kingdom.

### The Accountant in the Welfare State

The issue of *The Canadian Chartered Accountant* for April, 1950, contains an arresting article by Douglas D. Irwin, B.A., C.A., of Toronto, under the above title. British accountants, who have observed some of the fruits of State intervention on a wider scale than has been seen in Canada, will be



especially well qualified to consider Mr. Irwin's remarks in the light of their own experiences.

Happily, Mr. Irwin takes an optimistic view of things; he sees in the growth of State intervention new opportunities for accountants, and wider fields for their public service. His observations, especially those concerning the scope for the professional accountant in the prevention and/or settlement of labour disputes, are valuable for their constructive suggestions. His article would prove interesting, perhaps even encouraging, to all professional accountants who view the "Welfare State" with some measure of apprehension.

### More about Reciprocity

International reciprocity by professional accountants is such an important subject that frequent reference to it does not call for any apologies. We may therefore note that

by a recent agreement between the United States and the Republic of Uruguay, recognised professional accountants of each signatory country may practise within the borders of the other for purposes of supervising and protecting investments made by their nationals. Let us hope that this may be the beginning of further news along these lines!

### Charges for Pensions Contributions

In our younger days pension contributions by employers were usually regarded as "gifts" or "donations"; and as such they were "appropriations of profits" rather than operating expenses. A new concept of such contributions is evinced by a ruling made recently by the New York State Public Service Commission, and reported currently in *The Public Utilities Fortnightly*. The ruling is to the effect that compulsory, and even voluntary, contribu-

tions for employees' pension funds by employers are to be regarded as part of wages and salaries paid. This means that such charges may be treated as "operating expenses" for purposes of calculating rates at which utility companies under the Commission's jurisdiction may bill their customers.

This ruling, although not specifically affecting industries outside the Commission's jurisdiction, would seem to apply to them by mere example. It raises an interesting point concerning the admissibility of pension contributions as part of capital expenditures. In view of the logical proposition that such contributions form part of compensation to labour, it is reasonable to assume that to the extent that labour costs form part of capital expenditures, the relevant portions of pension contributions may likewise be capitalised. This point recently arose in an important rate establishment case in Ottawa.

survive, particularly as trading conditions became increasingly difficult, without there being a more or less continuous process of conscious financial planning. This planning fell into two parts:

1. The accurate forecasting of the results to be anticipated as the outcome of decisions, or lack of them, already taken.
2. In the light of these forecasts to take any remedial action suggested by the figures in time for it to be effective.

The information normally required by an executive in his endeavours to see into the future was then considered. Mr. Syme dealt first with the order book, and said that a statement of orders on hand by products should be available at the end of each accounting period, and that included in this statement should be period totals, accumulated totals and comparative figures for the previous year, for both order intake and sales invoiced. The value of the comparison between the current year and the previous year seems open to question; it would appear to be much more effective to show comparison with budget, for policy decisions may have made the previous year's figures useless for this purpose. Mr. Syme then examined the sales forecast, stressing the importance of ensuring that this could be achieved. As this forecast was normally the basis for all other budgets its importance could not be overstressed.

Second in importance to the sales budget were the factory costs. These involved the preparation of overhead expense budgets in great detail, the allocation of overhead to products and the compilation of standard product costs. Once this information was available, a trading statement could be drawn up to show the profit on standard costs. This profit must be modified by the anticipated cost of variances from the

## Cost Accountants' Summer School

### A TECHNICAL COMMENTARY

*The Institute of Cost and Works Accountants held its first residential Summer School at St. Catherine's College, Cambridge University, from July 3 to July 7. We have pleasure in commenting upon the papers read at the Summer School, which was attended by about 120 members and registered students of the Institute.*

### [CONTRIBUTED]

THE FIRST RESIDENTIAL SUMMER SCHOOL of the Institute of Cost and Works Accountants was held at St. Catherine's College, Cambridge, during the period July 3-7, 1950. Six papers were presented which were a blend of the theoretical and the practical.

#### ACCOUNTING FOR INFLATION

The first paper was "Accounting for Inflation: Viewpoints of the Economist and the Accountant," by Professor W. T. Baxter, B.COM., C.A., Professor of Accounting in the University of London. Professor Baxter spoke of the complex results of inflation upon company accounts, each item of expense being influenced in a different way, some of the effects being simple and obvious, others complex and hard to detect. He pointed out the difficulties of assessing the true profitability of a period during which a constant movement of prices had taken place, and suggested that, in some cases, although a conventional profit was shown, the real wealth of the company had diminished.

In order to show the true position of the

accounts, Professor Baxter suggested that a system of stabilised accounts should be introduced, under which a company would, in effect, "pretend that our ordinary accounts are those of a foreign branch and we convert them into the currency of an imaginary head office situated in a far off and happy land with stable money." Instead of an exchange rate an index number would be used, representing the ratio between the current purchasing power of the £ and the purchasing power of the £ before inflation.

Professor Baxter went on to develop his theory and considered the effect of a time lag between expenditure and income. The questions of replacement cost and depreciation were also considered and the serious effects of taxation were reviewed.

#### FINANCIAL PLANNING

Mr. A. H. Syme, C.A., A.C.W.A., a director of Brush Electrical Engineering Co., Ltd., opened his paper on "Financial Planning and its Relation to Costing" by saying that it must be accepted as axiomatic that no industrial organisation could hope to

production programmes. Mr. Syme advocated the fixing of standard prices for all materials, variances on purchases being written off.

Capital expenditure was then considered, Mr. Syme stating that a provisional twelve months' programme should be available. This was essential because if new capital expenditure was failing to keep pace with current depreciation provisions, then the company might be in danger of failing to keep its fixed assets up to date. If the reverse was the case, additional capital might be needed.

The control of stock and work in progress was said to be one of the most intractable problems besetting industry to-day. After reviewing the dangers of overstocking, Mr. Syme said that the first step towards control was the setting of targets for stock and work-in-progress levels, and at the end of each accounting period reports should be available comparing actual levels with target to show where action was necessary.

No budget programme would be complete without a cash forecast. This indicated well in advance whether funds would be sufficient during the ensuing period or whether new funds would have to be provided. A cash forecast should be available at the end of each accounting period. A statement on the disposition of funds was of great value, as it showed how the profits were being absorbed. As Mr. Syme pointed out, it is vital for an executive to know if profits are being absorbed by increases in stock without any corresponding expansion in turnover.

Finally, Mr. Syme stated that operating reports should be rendered as soon as possible after the end of the accounting period, and emphasised that reports must be provided promptly even at the expense of some slight sacrifice in accuracy.

#### OVERHEADS AND THEIR TREATMENT IN COSTING

"Overheads and Their Treatment in Costing, with Special Reference to the Present Economic Situation" was the subject of a paper by Mr. C. E. Sutton, A.S.A.A., A.C.W.A., Deputy Chief Accountant to the Metal Box Co., Limited. Mr. Sutton was of the opinion that the present economic situation could be ignored for the purpose of his paper, as costing principles did not vary with changes in the economic situation, and the important point was to be able to interpret costing facts correctly in changing conditions.

Mr. Sutton then reviewed briefly the various methods of costing. Few cost accountants would disagree with his confirmed opinion that historical costs were useless and that the best practice was standard costing in which budgeted overheads were absorbed by budgeted activity.

The various methods of allocation of overheads were then considered, and Mr. Sutton pointed out the absurdities that arose from the use of certain methods. Having made his point that it was the time expended by direct labour that mattered, Mr. Sutton went on to describe the allocation of variable expenses to cost centres. When dealing with fixed expenses, Mr. Sutton rejected marginal costing on the grounds that it was vital to know on which products and in what proportion the fixed charges ought to fall.

Mr. Sutton then explained in detail the modern approach to the control of overhead expenses, namely, flexible budgets. In the preparation of flexible budgets, it was necessary to examine each item of expense carefully, and to analyse it into its fixed, semi-fixed and variable components. Aided by charts he examined some of the difficulties experienced in the control of semi-fixed items. After offering solutions to these difficulties, Mr. Sutton proceeded to draw up a break-even chart, which, although it appeared to over-simplify the position, was extremely useful when forecasting the probable effects of changes in policy.

On the subject of price fixing, Mr. Sutton was firm in his contention that a quotation should always be preceded by a cost estimate showing the cost which ought to be achieved under normal conditions of output. The estimate should take its full share of overhead. On certain occasions, where special prices were asked for, a marginal cost should also be prepared; but Mr. Sutton emphasised the dangers of using these costs, as the sales department were wont to ask for an ever increasing number, which might easily result in the cancelling out of the overall profit margin.

#### STATISTICAL CONTROL FOR TOP MANAGEMENT

In his paper on "Statistical Control for Top Management" Mr. G. T. Verrall, M.A., M.I.MECH.E., M.I.C.E., a director of Courtaulds Limited, confined his remarks mainly to statistics dealing with cost information. Mr. Verrall considered the subject from the viewpoint of the person receiving the reports, and he emphasised that all unnecessary detail should be eliminated so that highlights could be readily absorbed and policy decided with a minimum of delay, and that reports should be suited to the mentality of the recipient.

The main aspects of the business about which top management needed constant statistical information were quoted from a paper presented by Mr. Ian T. Morrow, C.A., F.C.W.A., at an Irish Regional conference of the Institute of Cost and Works Accountants in 1949. In that paper the following list of reports was given which is

so comprehensive as to be worth quoting in full :

- (a) The probable course of expenditure and income for a reasonable period ahead, i.e. the budget.
- (b) The profit structure of the company :
  1. What are the fixed overheads ?
  2. What are the variable costs of production ?
  3. What is the break-even point ?
  4. What is the margin of safety ?
- (c) The effect on profits of any increase or decrease in sales.
- (d) What effect any alteration in prices will have on profit.
- (e) The actual sales achieved compared with the budget, analysed by product and by territory.
- (f) The cost of sales showing the total cost and the variable cost.
- (g) The cost of distributing the company's products.
- (h) The utilisation of manufacturing capacity.
- (i) Performance in terms of output, of direct labour.
- (j) The cost of obtaining that performance.
- (k) Expenditure on indirect materials and labour and other overheads compared with flexible budgets.
- (l) The expenditure of direct material.
- (m) The value of the stocks of raw material and work in progress.

Mr. Verrall then dealt in detail with each of these points, and emphasised the importance of the break-even chart, which he considered vital when making decisions on sales policy. The form of presentation of reports was considered in detail, and Mr. Verrall considered that the value of semi-logarithmic charts was not sufficiently appreciated. Reports should be presented in a simple form, and the accuracy required should be determined for each set of statistics. Before presentation to management all figures should be "rounded out" and all unnecessary detail omitted.

#### MANAGEMENT ACCOUNTS

Sir Charles Renold, J.P., Chairman of the British Institute of Management and Chairman of the Renold and Coventry Chain Co., gave a paper on "Management Accounts." In the first part of the paper Sir Charles traced the development of the Renold and Coventry Chain Co. from the original company started by his father in 1879. The evolution of ideas about costing and accountancy during this period was then discussed, and Sir Charles showed how first monthly trading accounts and then budgetary control came into being. The various problems which confronted the management from time to time were detailed, together with the way in which these problems were tackled. At the end of a very illuminating paper, Sir Charles suggested that four points emerged which seemed to be worth thinking about.

1. Management principles must be suited to circumstances and were not absolute.
2. The emergence of an idea of control by attention to preserving the rhythm of working.



3. The use made of long-range planning in its many aspects, and bearing on the problem of control.
4. The changes in emphasis of control during the last twenty years. Much of the control that was formerly exercised at the centre had passed down to the operating units. The problems of top management had shifted from controlling execution to the devising of sound plans.

#### MECHANICAL HANDLING

The last paper was given by Mr. Lawrence W. Robson, F.C.A., F.G.W.A., President of the Institute of Cost and Works Accountants, whose subject was "Problems of Cost Reduction, with Particular Reference to Mechanical Handling." Mr. Robson was a member of the team sent to the United States last year under the auspices of the Anglo-American Council of Productivity to

study the use of mechanical aids in American industry and to report on the possibility of their more widespread use in this country.

Mr. Robson drew attention to the advantages accruing from the continuous review of all matters affecting the movement of materials, and drew attention to the recommendations given in the Report.\* He stated that American research had disclosed that from 15 per cent. to 85 per cent. of manufacturing costs related to material handling, and that it was not unusual for 50 tons of material to be moved for every ton of finished product. One of the conclusions quoted from the report was :

"Better materials handling offers a greater opportunity to cut production costs and to increase productivity than any other single factor."

and Mr. Robson considered that this statement constituted a worth-while challenge to the industrial accountant, suggesting that if a flow chart were prepared, appreciable opportunities for economies would be revealed. Examples of cost reductions achieved in the field of material handling were then quoted and were very impressive. Mr. Robson stated that if British industry was to retain its competitive power in world markets every attempt must be made to reduce costs, and he was sure that the field of handling costs in industry would prove a fruitful one for the labours of the industrial accountant and the production engineer.

\* Materials Handling in Industry—Report of Productivity Team.

## Letters to the Editor

### From Mr. A. A. Garrett

SIR,—Will you permit me through your columns to express to the President, the Council, the Branches and District Societies and to all the members of the Society at home and overseas my heartfelt thanks for their continuous kindness to Mrs. Garrett and to me in so many ways, and particularly for the dinner given in our honour and the generous gifts, which we greatly value? I would like to make special acknowledgment to the President (Mr. Stuart Allen), to Mr. Edward Baldry and to the Society's staff for all they did in regard to the function and in arranging for the charming gifts made to us.

Yours faithfully,

London, E.C.4.

A. A. GARRETT.

July 24, 1950.

### The Dearth of Industrial Capital

SIR,—It was most heartening to read in the June issue of *ACCOUNTANCY* the article "The Dearth of Industrial Capital" and to note that it was the President of the Society who had so clearly drawn attention to this most serious problem. It is indeed difficult to add anything to such a clear exposition.

I would, however, like to mention what I feel is the connection between this problem and that of accounting for the increased replacement costs of fixed assets.

I wrote to *The Accountant* nearly two years ago, disagreeing with an article on Depreciation by Mr. F. R. M. de Paula: I felt that in giving a general example the writer had assumed that fresh capital would inevitably be forthcoming for industry. I attempted to show that fresh capital would not necessarily

be forthcoming to make up for the dilution in "real" capital due to rising prices. I thought then and still think that it is precisely this question of dilution of capital which makes it necessary for our profession to endeavour to make the accounts show as accurately as possible the "real" position of a business. I fully appreciate the difficulties involved in any attempt to do so, either by means of index numbers for increase in prices (as in certain foreign countries) or even individually by businesses, but feel :

1. Any reasonable attempt is better than none, as a truer picture of "real profit" (the increase of net assets during the period) is given—was this not in effect the standard definition of profit as given in the judgment in *Re Spanish Prospecting Co.*?
2. The attempt to charge the difference between depreciation based on historical costs and the extra depreciation based on increased replacement cost to the appropriation section of the profit and loss account must cause confusion—in lay minds at any rate.

Particular difficulty is likely to be encountered when attempting to explain why taxation relief should be given for the increase in replacement costs.

In this connection, I wish to comment on the evidence given on this subject to the Tucker Committee as reported in *ACCOUNTANCY* (in the March issue). Going on the principle that any statement which is clearly devised can be put into simple language, I attempted to paraphrase this part of the evidence (as reported) into plain English, leaving out professional terms and jargon—just as if one were trying to explain it to a layman. I regret I failed and would be glad if somebody else could give me the

meaning of that part of the evidence in simple English.

Yours faithfully,

D. B. HARRIS, M.A. (CANTAB), A.C.A.

Pinner, Middlesex.

June 29, 1950.

### BUSINESS EFFICIENCY EXHIBITION IN MANCHESTER

A new British-made adding-calculating machine, which gives a threefold warning whenever an error is made, will be exhibited at the thirty-sixth Business Efficiency Exhibition to be held at the City Hall, Manchester, from September 6 to 16.

The operator is initially warned of the mistake by a bell-ring as the mechanism locks and is enabled to see the mis-operated key as well as feel the incorrect key depression.

Organised by the Office Appliance Trades Association of Great Britain and Ireland, the exhibition will occupy 30,000 square feet, and nearly eighty firms will be participating.

A determined effort on the part of office machinery designers to eradicate noise in the big office has been crowned with success by the production of an all-electric book-keeping machine mounted on a sound-controlled aphonic stand. Automatic tabulations, computations, printing of balances and sub-balances, carriage return and line spacing, have been accelerated by this machine, with which when tabulating into a balance position both the tabulation and the balance printing are automatic.

A further interesting innovation is a universal accounting machine with an electric keyboard which writes on a flat surface and an adding machine which adds, subtracts and lists in eight column capacities although equipped with only 12 numeral keys.

Another exhibit, an adding-listing machine, features keys coloured to correspond to conventional cash rulings and the keys are spaced to permit the depression of four-digit amounts and motor bar in one movement of the hand,



# Some Thoughts on Cessations

## ADJUSTMENT OF ASSESSMENTS

By SECTION 31 OF THE FINANCE ACT, 1926, WHERE IN ANY year of assessment a business is permanently discontinued, then—

- (a) the person chargeable with tax in respect thereof is to be charged on the amount of the profits of the period beginning on April 6 in that year and ending on the date of the discontinuance; and
- (b) if the profits of the year ending on April 5 in the year preceding the year of assessment in which the discontinuance occurs exceed the amount on which the person has been charged for that preceding year (or would have been charged if there had been no set-off for losses under Section 33, Finance Act, 1926, or Rule 13 of the Rules of Cases I and II of Schedule D), an additional assessment may be made on the excess (subject to any such set-off).

(There are special rules for concentration of businesses and for nationalised businesses—see Section 18, Finance Act, 1941, and Section 32, Finance Act, 1946, but these do not come within our present discussion.)

If capital allowances were to be deductible before arriving at the amended figure of profits for the penultimate year the calculation would be very troublesome, as would be that for the ultimate year where there was a carry-forward from the penultimate year. Fortunately, they are not: it is clear that the profits referred to in the above Section are before any deduction of capital allowances, since—

- (i) Rule 6, Cases I and II, provides that in charging the profits a deduction is to be allowed for capital allowances on machinery, plant, etc.
- (ii) Section 55, Income Tax Act, 1945, provides that any claim for allowances under that Act is to be included in the annual statement of the profits and the allowance shall be made as a deduction in charging those profits.

## CAPITAL ALLOWANCES

The adjustment for the penultimate year might result in a reduction of liability as compared with the original assessment, owing to the rules for computing capital allowances, but only if there would have been an increase in capital allowances whether or not there was an increase in "actual" as the basis of assessment.

Consider the following figures:

Profit year to December 31, 1948	..	£1,600
Profit year to December 31, 1949	..	£2,000
Profit 8 months to August 31, 1950	..	£800

Before deducting capital allowances, the assessments would be (ignoring fractions of months):

$$1949-50 \quad £1,600 \text{ increased to } \frac{3}{4} \times £2,000 + \frac{1}{4} \times £800 = £1,800$$

$$1950-51 \quad \frac{1}{4} \times £800 = £200$$

The alteration of the basis year for 1949-50, however, affects the capital allowances. The basis period for 1948-49 was the year to December 31, 1947; the original basis period for 1949-50 was the year to December 31, 1948, but it has now become the year to April 5, 1950. There is thus an

interval between the basis period for 1948-49 and that for 1949-50, and the interval is therefore deemed to be part of the basis period for 1949-50 (Section 57 (2), Income Tax Act, 1945). If there were no alteration to the penultimate year, the interval would be from December 31, 1948, to April 5, 1950, to be added to the basis period to December 31, 1948 (Section 57 (2) proviso (c)). In either event, therefore, any machinery, etc., bought between December 31, 1947, and April 5, 1950, will attract initial allowance for 1949-50 (Section 15 (1)), and the annual allowance for 1949-50 will be based on the plant in use on April 5, 1950 (Section 16 (1)).

## A FALLACY

In a question raised at the recent Taxation Course of the Society of Incorporated Accountants at Ashridge College, it was stated that the original assessment was £1,000 less capital allowances £100, net £900, and the amended assessment £1,100 less capital allowances £300 = £800 net, a net reduction on which it was suggested that the Inspector would resist repayment of tax on the difference, on the grounds that the 1926 Act did not visualise reducing the penultimate year's net assessment.

The fallacy here lies in overlooking the fact that the capital allowances would be the same whether or not there was an alteration in the assessment. In the example the capital allowances in the original assessment, £100, would be changed to £300 in any event, so that the real comparison is between £1,000 and £1,100, an increase of £100. The original assessment would have had to be amended to £1,000 less capital allowances £300, that is, a net amount of £700. (This is assuming that £300 was the right amount for the amended capital allowances, which may be doubtful in view of the terms of the question.)

## BALANCING CHARGES AND ALLOWANCES

It is worthy of note here that if the assets are sold after the permanent discontinuance, there will be no balancing charges or allowances. If they are sold before, then these will arise, usually in the ultimate period. For the purpose of balancing charges or allowances, a notional discontinuance on a sale to a company, or in a partnership, where notice is given under Rule 11, does not constitute permanent discontinuance, though the assessments on profits are made as if there were such a discontinuance.

## EARLY CESSATIONS

It is interesting to consider the position where cessation occurs in the early life of a business, as in the following illustration:

Commenced June 1, 1947	£
Profits year to May 31, 1948	.. .. 1,800
" " " " 1949	.. .. 1,200
" " " " 1950	.. .. 2,000
" " " " 1951 (ends)	.. .. 1,600
Assessments before capital allowances (ignoring fractions of months):	

Original	Amended
1947/48 10/12ths of £1,800 = 1,500	£ 1,500
1948/49 Year from 1/6/47 = 1,800	Year to 5/4/49, 2/12ths of £1,800 + 10/12ths of £1,200 = 1,300
1949/50 Year to 31/5/48 = 1,800	Year to 5/4/50, 2/12ths of £1,200 + 10/12ths of £2,000 = 1,867
1950/51 Year to 31/5/49 = 1,200	Year to 5/4/51, 2/12ths of £2,000 + 10/12ths of £1,600 = 1,667
1951/52 Two months to 31/5/51, 1/6th of £1,600 = 267	267

Capital allowances (basic rate 8 per cent., therefore the actual rate is 10 per cent.).

	Original Allowances	Amended Allowances
Plant bought 1/6/47 to 5/4/48 .. ..	6,000	6,000
1947/48 Initial 20% ..	1,200	1,200
Annual 10% for 10 months	500	500
	1,700	1,700
	4,300	4,300
Additions 6/4/48-31/5/48	2,000	2,800
	6,300	7,100
1948/49 Initial 20% ..	400	560
Annual 10% ..	630	710
	1,030	1,270
	5,270	5,830
Additions year to 5/4/50		300
		6,130
1949/50 Initial		40% 120
Annual ..	527	613
		733
Additions year to 31/5/49 (£800 prior to 6/4/49)	4,743	5,397
	1,000	
	5,743	
Additions year to 5/4/51		600
Additions 1/6/49 to 5/4/51 (becomes part of basis period for 1950/51) .. ..	700	
	6,443	5,997
1950/51 Initial 20% on £800 ..	160	40% on £600 240
Initial 40% on £900 ..	360	
Annual 10% ..	644	10% 600
	1,164	840
	5,279	5,157
1951/52 Annual 10% for 2 months ..	88	86

It will be seen that the initial allowances total £2,120 in each case, but the annual allowances naturally differ owing to the differences in basis periods. No sales of assets have been assumed, as they would not add to the principles involved, but would complicate the calculations.

The assessments thus become :

	If no amendments under Section 15, Finance Act, 1930, and penultimate year not increased	If Section 15 claims made and penultimate year increased
	Profits Cap. Allces. Final Asst.	Profits Cap. Allces. Final Asst.
1947/48	£ 1,500 1,700 (c/f £200)	£ nil 1,500 (c/f £200)
1948/49	1,800 200 + 1,030	1,300 200 + 1,270 (c/f £170)
1949/50	1,800 527	1,867 170 + 733
1950/51	1,200 1,164	36 1,667 840
1951/52	267 88	179 267 86
	£2,058	£1,972

Here, there is a difference in the final basis period for the penultimate year, owing to the amended assessments on "actual" in the preceding year. Had there not been a Section 15 claim the capital allowances would have been constant in both cases.

It may be noted that if 1950/51 had not been the penultimate year, the capital allowances for that year would have been :

Written-down value after 1949/50 allowances .. ..	4,743
Additions to 31/5/49 .. ..	1,000
1950/51 Initial 20% on £800 = £160	5,743
40% on £200 = 80	
Annual 10% .. ..	574
	814

Or if Section 15 claims had been made :

Written-down value after 1945/50 allowances .. ..	5,397
Annual allowance 1950/51 .. ..	540

In considering whether to close a business down at once or run it over until after the following April 5, the effect of capital allowances may be pronounced and decisive. If the business is closed in 1950/51, 1949/50 becomes the penultimate year, but if it is closed in 1951/52, the penultimate year is 1950/51. Selling off stock may give rise to increased profits in the final period. The problem then is, shall 1949/50 or 1950/51 be the penultimate year? In view of 1950/51 being assessed on "actual" in either event, what is the comparative effect of the few days or weeks in 1951/52 compared with 1949/50 "actual" profits, having regard to capital allowances and the basis periods? The question of cessation raises a fresh crop of complications almost annually.

As a theoretical study, the Income Tax Act, 1945, as amended by each succeeding Finance Act, is interesting. As a practical device for giving relief, it is most unnecessarily complicated, and wastes the time of Inspector of Taxes and accountant alike. The idea is good ; its execution ill-contrived.

# The Rights of Audience in Tax Appeals

By W. B. COWCHER, O.B.E., B.LITT., Barrister-at-Law

AN INTERESTING POINT IN CONNECTION WITH TAXATION appeals was raised in the recent case of *The Animal Defence and Anti-Vivisection Society v. C.I.R.* (Ch., May 15, 1950, T.R. 135). The society had claimed exemption from income tax under Section 37 of the Income Tax Act, 1918, as being a charity. The claim had been rejected by the Special Commissioners and a "case" had been demanded. Miss Lind-Af-Hageby, the society's founder and president, had argued the claim before the Special Commissioners; but, when she appeared in the High Court to play a similar part, the preliminary point was taken by the Crown that she had no right of audience. Romer, J., upheld this contention:

The general rule as I understand it, is that litigants can only appear in this Court by counsel, subject to this exception, that a litigant in person can appear in person and has the right of audience in person.

He held, further, that the fact of Miss Lind-Af-Hageby being empowered by the society to act upon its behalf in all financial matters did not touch the point at issue.

At first sight it may seem hard that a member of a possibly small and probably impecunious society should not be allowed to appear in the High Court upon its behalf, although allowed, even if not legally entitled, to appear before Commissioners. There is, however, an important difference between the two positions. Whilst the High Court is a Court of Record, a meeting of Commissioners is not. A Judge will generally regard himself as bound to follow earlier decisions in his Court or any Court of equal standing and will be bound by the decisions of a higher Court although, as few cases are marked by exact similarity of facts, a Judge who considers a precedent, otherwise binding on him, to be bad law will occasionally get over his difficulty by "distinguishing," a method which may sometimes be little more than an euphemism for refusal to follow. Whilst, therefore, High Court decisions create binding precedents for similar situations, Commissioners' decisions do not; and the same body of Commissioners may, if they so choose, decide one way in one year and the opposite in a following year: *C.I.R. v. Sneath* (1931-2, 17 T.C. 149), *Patuck v. Lloyd* (1944, 26 T.C. 284). Both of these cases were decided in the Court of Appeal. Apart from the immemorial right of the subject with a grievance to present his own case for redress, it is obviously desirable that appeals which are to produce precedents governing future cases should be conducted by persons with legal training. Needless to say, the Bar would be unanimous in defending the present rules.

## Commissioners' Discretion

Whilst, however, the right of audience in the High Court is definitely restricted, it is curious that after nearly a century and a half of the income tax there is still much that is vague and uncertain as regards represen-

tation before General and Special Commissioners, although it is probable that, thanks to common sense more than anything else, this position apparently produces no ill-effects. The earlier Acts contain much relating to attendance of witnesses and similar people who might be expected to enlighten the Appeal Commissioners upon the relevant facts of a case, the idea evidently being that if they took care with the facts the law would take care of itself. The only cases in which representation of the appellant was expressly permitted were where, by reason of "absence, sickness, or other reasonable cause," an appellant was prevented from making or proceeding upon his appeal within the prescribed time. In such cases, by a proviso to Section 118 of the Income Tax Act, 1842, copied from a similar proviso to Section 145 of the Income Tax Act, 1806, it was to "be lawful"—that is, permissive—for the Commissioners either to give further time or to admit the appeal upon behalf of the appellant to be made by any "agent, clerk, or servant." This very wide discretion given to Commissioners is still law and is to be found in Section 136 (3) of the Income Tax Act, 1918. To-day, and no doubt it has always been so, different bodies of Commissioners put their own several interpretations upon the words "or other reasonable cause." Whilst the weight they will attach to a statement will naturally vary with their opinions as to its quality, in general, Commissioners will hear anyone who is an authorised agent of the appellant and, except in special cases, this attitude is welcomed by the Revenue.

In the earlier days of the income tax the Revenue attitude regarding appeals before Commissioners was to discourage anything which would tend to make the question one of law rather than fact, and this standpoint was illustrated in a curious way in connection with the Taxes Management Act, 1880. In that year, when the preliminary Bill was introduced into the House of Commons, the Chancellor, according to *Hansard*, declared that it only consolidated the law to be found in hundreds of statutes and, upon this assurance, the Bill was allowed to become an Act without Parliamentary discussion or debate. Nevertheless, by sub-Section 9 of Section 57 of the Act an important prohibition was imposed:

No barrister, solicitor, or any person practising the law shall be allowed to plead before the said Commissioners on such appeal for the appellant or officers either *vivâ voce* or by writing.

In 1898, when the Finance Bill of that year was in Committee, Lord Edmond Fitzmaurice moved an amendment, which was accepted and became Section 16 of the Act, whereby the above-mentioned sub-Section was repealed and:

it shall be lawful for the General Commissioners to permit any barrister or solicitor to plead before them on any appeal for the appellant or officers either *vivâ voce* or by writing.

Lord Fitzmaurice said that it was difficult to trace the origin of sub-Section 57 (9) of the Taxes Management Act,



1880, and *Hansard* provided no enlightenment from the then Government upon this point. He said, however, that he understood the objects aimed at were simplification, shortening and, perhaps, cheapening of appeals, although the result had been that in many parts of England the practice had grown up of allowing solicitors and barristers to appear before the General Commissioners unless objection were taken.

### The Accountant as Advocate

It will be observed that the above provisions only mention the General Commissioners, but, by Section 67 of the 1918 Act, re-enacting an 1842 provision, the Special Commissioners are given all the powers of other Commissioners in regard to appeals. As the result of the change in the law made in 1898, both kinds of Commissioners might, but were not compelled to, allow barristers or solicitors to represent the taxpayer and/or the Revenue on appeals. In 1903 there was a further development which is, it would seem, the first indication in the Income Tax Acts of the growing importance and status of the professional accountant. By Section 13 of the Revenue Act, 1903, it was provided that if General Commissioners refused to permit a barrister or solicitor to plead before them or "hear any accountant"—defined then as now as "a member of any incorporated society of accountants"—then the appellant, in lieu of proceeding, could appeal to the Special Commissioners, who were "hereby required" to do so. The Section either ignored or did not contemplate a case where the original appeal was to the Special Commissioners and the refusal was by them.

### Present Position

By Section 25 of the Finance Act, 1923, the discretion of

Commissioners in regard to representation at appeals upon behalf of the appellant or Revenue was taken away and, thenceforward, the right to be represented by barrister, solicitor or accountant was made absolute. Further, by Section 26 (2) of the same Act, the General Commissioners "shall permit any agent appointed by the appellant to plead before them on his behalf" in any appeal in respect of annual value under Schedules A and B. The legal position to-day is that, whilst representation in cases not within the enactment last mentioned by any "agent, clerk or servant" is by virtue of the provisions of Section 136 (3) of the 1918 Act limited and at the discretion of the Commissioners, by Section 137 (3) of the same Act they must allow a barrister or solicitor to plead before them either *viva voce* or in writing and must "hear any accountant." Unfortunately, even such a statement is not too clear in meaning. Written pleadings are not, and apparently never have been, a feature of tax appeals and, as the Codification Committee of 1936 observed, it is strange that accountants should be precluded from such pleading. Further, it would seem that, unless the words "hear any accountant" were crudely tacked on to the original wording of the clause in the Revenue Bill of 1903 as the result of political action in the House, and there is no other explanation, a difference was intended between the right to plead *viva voce* and the right to be heard. No explanation, however, has ever been given of any such difference.

Summing up the position, illogical and theoretically unsatisfactory as the present law with regard to representation at tax appeals may seem to be, the system as actually operated has the one great administrative virtue in that it works—and works, apparently, without appreciable friction.

## The Society's Taxation Course

*It is hardly possible to epitomise the six valuable papers presented at the Taxation Course held by the Society of Incorporated Accountants at Ashridge College from June 23 to 27. As announced in our last issue, prints of the papers are to be circulated to all members of the Society, who will thus have the opportunity of studying them at leisure; an announcement on page 294 of this issue gives particulars of the sale of prints. We offer below some comments on the papers, together with a brief summary of the two addresses by Mr. Wyn Griffith and Mr. F. Heyworth Talbot, which have not been printed.*

### "THE RELATIONSHIP BETWEEN THE INLAND REVENUE AND THE PROFESSION,"

BY WYN GRIFFITH

Mr. Wyn Griffith was introduced by the President as Public Relations Officer of the Inland Revenue Department. Mr. Griffith revealed that he also holds the position of Director of Training. An efficient Inspectorate and staff is the first pre-requisite of full understanding and co-operation on the part of the public in tax matters, and the combination of those functions in their

present holder clearly arises from an enlightened policy of the Board of Inland Revenue. It follows that the present excellent relations between the Department and the profession can continue only on the basis of individual appreciation of technical skill, professional detachment and integrity on both sides, and a ready appreciation of their respective responsibilities. The anticipated acceleration of inquiry work may well test these relations still further. Mr. Griffith spoke warmly of

the Incorporated Accountants' Manchester District Society's innovation in holding a joint discussion meeting of members and Inspectors of Taxes, from which nothing but good could follow. —(See ACCOUNTANCY, April 1950, page 130, for a report of this meeting.)

### "THE CONDUCT OF APPEALS," BY F. HEYWORTH TALBOT

The informal address of Mr. F. Heyworth Talbot, K.C., on "The Conduct of Appeals" was itself a delightful illustration of the forensic skill of the advocate. Mr. Talbot stressed the importance of a full appreciation, at the outset, of the precise status of the tribunal before which an appearance was to be made. For example, an applicant for relief for a loss under Section 34 of the 1918 Act should be conscious of the fact that there was no appeal to the Court by way of case stated from the decision of Commissioners. Mr. Talbot also stressed the necessity for a concise but

full statement of the facts, delivered at dictation speed and based on careful preparation. References to cases should be confined to two or three, the salient facts of which should be given, in addition to the inference which it was desired to draw from the *ratio decidendi*, or from *obiter dicta* which might be relevant to the appeal. Neither ethics nor expediency could condone omission of cases which were expected to be quoted by the Revenue representatives.

"PROFITS TAX," BY J. S. HEATON

Mr. J. S. Heaton, A.S.A.A., chose a method—perhaps the most valuable for a practical course—of a general example giving the computation of liability over a sequence of chargeable accounting periods. What could be more illuminating? Particularly are the examples valuable, as Mr. Heaton, characteristically, does not shirk difficulties. The examples bristle with the situations that occur in the average practice and which it is so difficult for the general practitioner to solve without delving into unfamiliar corners of Acts. The following examples may be quoted. Firstly, the difference between building society interest on a share account and on a deposit account is made plain: the former is franked investment income, the latter is not. Secondly, a clear explanation is given of the dates when dividends are "due" in arriving at distributions, and in this connection, of the "penal" provisions regarding excess dividends after December 31, 1946, and after September 30, 1949. Thirdly, enlightenment is given on the treatment of benefits in kind, of political expenses, and of loans made and repaid. Fourthly, the case of the director who ceased to be a whole-time service director in the middle of a year is examined.

"TAXATION OF FOREIGN INCOME," BY F. BOWER

The aspect of taxation covered by Mr. Frank Bower, C.B.E., M.A., in his comprehensive paper is often hard for the general practitioner, because his experience of it is scanty. It is therefore useful to have collected, as in this paper, so many practical aspects of the law. The very headings of sections of the paper show that here again difficulties have not been side-stepped. The importance of and the distinction between domicile and residence of both corporations and natural persons

are explained; also the effect of the many decisions regarding where a business is carried on.

Mr. Bower gives some valuable notes on the basis of assessment and possible "economies" regarding remittances within the control of the taxpayer; on valuation problems and remittances and constructive remittances generally. He discusses the two theories of profit conversion known as the "balance sheet" method and "profit and loss" method respectively. The first assumes accounts kept in sterling, the latter that they are kept in currency. They may give materially different results. He does not shirk "restricted currencies." The writer of this review wants to hear from Mr. Bower again.

"SETTLEMENTS AND PRIVATE COMPANIES," BY J. R. PARAMOUR

Mr. J. R. Paramour, F.C.A., F.S.A.A., tackles the tax on settlements and controlled companies, what he calls "anti-evasionary" legislation. The legislation founded on Sections 20 and 21 of the Finance Act, 1922, has been the subject of many legal decisions and voluminous amendments.

"Covenants" are always with us, and the practising accountant will find it useful to revise his knowledge of up-to-date law by reading this paper: we like the practical touches, emphasising the difference between "cannot" and "does not" in referring to the period of six years. Many questions have been asked as to the "accumulations" type of settlement on children. Mr. Paramour gives the law (and practical aspects) clearly and concisely. Readers will welcome particularly the summary on page 17 of the types of settlement still possible, and the advice as to points to be borne in mind in advising on settlements.

The discussion on sur-tax on controlled companies is thoroughly practical and sets out the peculiar position to-day, where the "dividend freeze" has also frozen directions in most cases (except on investment companies).

We think that it is possible to challenge the words we italicise in the statement that "the income for the last accounting period up to the date of liquidation is to be deemed available for distribution *without reference to whether any distribution actually made has been "reasonable" or whether it has been made in a "reasonable time."* The

words italicised do not appear in Section 31 (4) of the Finance Act, 1927. The income for the ultimate period is to be deemed available, but it might still be reasonable not to distribute it, however unlikely that might be! "Available for distribution" is not the same thing as "deemed to be income of the members," the words used in Section 20 (6) (a), Finance Act, 1936. The case *Collier & Sons v. C.I.R.* (11 A.T.C. 417) supports Mr. Paramour, but was this point adequately argued?

The useful notes on "double assessment" include a practical discussion of the *Gollin v. C.I.R.* decision as affecting spreading apportioned income and dividends under Section 34, Finance Act, 1927.

Mr. Paramour asks to what extent Section 18 of the Finance Act, 1928, is operated. Apparently, quite considerably, as the Special Commissioners have now a cyclostyled form for notifying their decision, which is given in a matter of days where, as is usual, no action is to be taken. There is no disadvantage; the query to the Special Commissioners could never result in a direction where there would otherwise be none.

A useful reminder is the reference to profits tax and "Section 21 companies."

"CAPITAL ALLOWANCES," BY H. A. R. J. WILSON

The paper by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A., is shorter than the others so far mentioned, but deals with entirely practical points. His paper is the length of a lecture, whereas most of the others may be regarded as treatises. At the presentation of his paper, Mr. Wilson left the points in it for discussion and talked about many other interesting aspects of the allowances. One point he stressed, as he has done before, was the necessity to guard against the "whittling down" (as he called it) of reliefs by too pedantic straining at the meaning of words.

"DOUBLE TAXATION," BY B. R. POLLOTT, M.A., A.S.A.A.

Few of us know much about the many intricacies of the double taxation relief provisions, and Mr. Pollott's paper will be kept at hand for many years as the first "popular guide" to the law and practice.

The law is very difficult to read and



understand, and we congratulate Mr. Pollott on an excellent job. He gives us examples of the working of the Dominion Income Tax Relief, now to end; the new foreign and Commonwealth conventions, etc.

Particularly pleasing and useful are the examples of special cases, such as that arising in South Africa. We cannot do justice to this—the longest paper—by selection. It must be read in the entirety. Many parts will be referred to time and time again by practising readers.

“BACK DUTY,” BY P. F. HUGHES, F.S.A.A.  
Mr. Hughes's paper on Back Duty is the shortest of all, but none the less “meaty.” Like Mr. Wilson, Mr. Hughes cut his cloth to the time. He reviews the thorny subject as an experienced hand, and gives us many helpful hints.

## Taxation Notes

### Assessments on Flats and Tenement Blocks

THE ASSESSMENT IS USUALLY MADE ON THE whole block of tenements. There is an unofficial deduction, to cover voids, of one twenty-sixth where property is let weekly, unless they are divided into distinct properties, with separate owners and occupiers or owner-occupiers. This is in accordance with Rule 12 of No. VII of Schedule A and *Norwich Union Society v. Embleton* (11 T.C., 681) and *Williams v. Sanders* (11 T.C., 673).

Whether premises comprise a tenement block or a separate house is a question of fact: this rather important aspect was dealt with in the case of *Towle v. Improved Industrial Dwelling, Ltd.* (17 T.C., 231). In practice, the important factor determining whether or not there is a case for separate assessment on each flat is whether or not there is a separate entrance on to the street, or to each flat. The repairs allowance is larger where each flat is assessed separately, compared with what it is when the whole block is assessed. Thus, if the assessment on a whole block of six flats is £750, the assessment would be, assuming the flats are not let weekly:

Gross assessment	..	£750
Repairs allowance:		
$\frac{1}{6}$ th £100 =	£20	
$\frac{1}{6}$ th £650 =	108	
		128
Net assessment	..	£622

If each flat were assessed separately at £150 gross, the assessment would be £101 net per year (the repair allowance being  $\frac{1}{6}$ th of £100 plus  $\frac{1}{6}$ th of £25), giving a total net assessment of £606.

If the rents, less outgoings, exceed the net assessment, an excess rental liability would arise under Sections 15 and 16, Finance Act, 1940. Under the provisions of Section 21 of the Finance Act, 1930, a reduction of the assessment may also be obtained where any part of the property is unoccupied. We give below an example based on actual experience.

Rents receivable	£	£
	..	2,100
Deduct:		
Rates ..	600	
Water rate ..	84	
Cleaning ..	260	
Fuel for boiler	200	
Lift insurance	18	
Porter's wages	208	
Lighting of hall and stairs ..	60	
		1,430
Reduced gross assessment	..	670
Repairs Allowance:		
$\frac{1}{6}$ th on £100 =	20	
$\frac{1}{6}$ th on £570 =	95	
		115
Amended net assessment	..	555
Net Schedule A	..	1,400
Reduction due	..	£845

Assuming the Schedule A tax of £630 has been paid, then repayment would be due of £380 5s., arrived at as follows:

	£	s.	d.
Net Schedule A assessment £1,400 at 9s. =	630	0	0
Amended net assessment £555 at 9s. =	249	15	0
	£380	5	0

### Finance Act, 1950—Husband and Deceased Wife's Tax

Amendments made during the passage of the Finance Bill give the husband (or his executors, etc., if he is dead) the right to serve a notice on the executors, etc., of his deceased wife and on the Inspector of Taxes disclaiming liability for any unpaid taxes on her income. To remove personal representatives from the embarrassment of not knowing whether or when they would get such a notice, it is now provided that the husband (or his executors, etc.) must serve any such notice within two months after the grant of probate or letters of administra-

tion in respect of her estate. Under existing law, any assessment on personal representatives in respect of the deceased's income prior to death must, of course, be made within three years after the end of the year of assessment in which the death occurs (Section 29 (3), Finance Act, 1923).

The new clause permits personal representatives to accept late notices. Where notice has been given, the Commissioners of Inland Revenue and Special Commissioners are to assess the deceased wife's executors, etc., as if applications for separate assessments had been in force.

### Age Allowance

For 1950-51 onwards, age allowance is available for the year of assessment in which the taxpayer or his wife reaches the age of 65. Hitherto, the relief was only available if the taxpayer had reached that age at the beginning of the year.

### Congestion in Claims Departments of Revenue

We hope that the Inland Revenue will soon be able to take steps to expedite repayment claims. Especially to persons with small incomes the delay in settling these claims is serious. It is disturbing to receive a statement that: “The claim to repayment will have attention as early as possible, but I regret that it may be some four or five weeks before you receive a cheque as there is congestion in the Claims Section of about 1,000 unworked claims.” This is an extract from a letter issued by a Southern District in late June.

### Furnished Lettings

The following is a representative computation of the profit assessable under Case VI:

	£	£
Rent received	..	200
Less:		
Rent payable or net annual value, whichever is greater	40	
Rates ..	22	
Insurance (contents) ..	5	
Repairs and painting ..	15	
Depreciation of furniture	20	
Maintenance of garden ..	50	
		152
Less for period occupied by owner, 2 months, $\frac{1}{6}$ th ..	25	
		127
Expenses of letting, agents' charges, advertising, etc.	30	
		157
Profit ..		43

If a maintenance claim is made, repairs, etc., includible in it cannot be charged against the receipts from letting, but the



gross annual value replaces the net annual value as a deduction.

Where a house is kept solely for letting (for example, a seaside cottage or bungalow), the question of empty periods arises. If the owner does not occupy the house at all, the whole of the expenses are deductible, even where the house is empty for part of the year.

But if he occupies it for a period, an adjustment similar to that shown above will usually be accepted. The position is different where the owner lives in the house intermittently; an apportionment of expenses ought to be made by reference to the respective periods of occupancy.

The rate of depreciation on furniture varies. A basic rate of 5 per cent. can always be obtained. If linen, cutlery and plate are included, the basic rate varies from  $7\frac{1}{2}$  to 10 per cent. in various districts. These are, of course, increased by 25 per cent. of themselves.

The allowance for depreciation of furniture does not seem to fit Part II of the Income Tax Act, 1945, which applies to Cases I and II (Section 16 (1)) and to Schedule E (Section 23). There are no rules in Case VI similar to those in Rule 3 of Cases I and II. Under Case VI, the

computation is to be made to the best of the knowledge and belief of the person in receipt of or entitled to the profits or gains, and the practice is to calculate the profits, allowing for depreciation in the computation, and it is understood that the Revenue do not recognise balancing allowances or charges.

If the computation shows a loss, there is no separation of capital allowances; the balance is a loss, which can be set against any Case VI assessment in the same or following years, subject to the usual limit of six years (Section 27, Finance Act, 1927).

We should be interested to hear of readers' experiences.

### Double Taxation—Denmark

It is proposed to make an Order for a double taxation convention with Denmark. The convention will follow the general pattern of double taxation agreements with the United States, the Dominions and the Colonies, will cover relief from double taxation as between the United Kingdom on the one hand and Denmark on the other, and will be independent of the concessions for unilateral taxation relief included in the Finance Bill.

### Estate Duty Office—Change of Address

We are notified by the Inland Revenue that communications for the Controller, Estate Duty Office, Inland Revenue, should no longer be sent to Rayners Lane, Harrow.

Letters and accounts for assessment should now be sent to the Controller, Estate Duty Office, Inland Revenue, Minford House, Rockley Road, West Kensington, W.14.

All remittances for death duties other than those relating to Inland Revenue Affidavits to lead to grants of representation (as to which see below) should continue to be sent to the Accountant General (Cashier), Inland Revenue, New Wing, Somerset House, W.C.2, or paid there personally in Room 26 as before.

Inland Revenue Affidavits to lead to grants of representation, if they are accompanied by remittances, should be sent for assessment and stamping to the Accountant General (Cashier), Inland Revenue, Minford House, Rockley Road, West Kensington, W.14, or they may be lodged there in Room 9, from 10 a.m. to 12.30 p.m. and from 1.30 p.m. to 3.30 p.m. (Saturdays 10 a.m. to 12 noon). If, however, for any reason they are not accompanied by remittances, they should be sent to the Controller, Estate Duty Office (Affidavit Branch), Inland Revenue, Minford House, Rockley Road, West Kensington, W.14, or they may be lodged there in Room 6 between the hours of 10 a.m. and 4 p.m. (Saturdays 10 a.m. to 12 noon).

## Recent Tax Cases

By W. B. COWCHER, O.B.E., B.LITT., Barrister-at-Law

*Excess profits tax—Deduction—Company incorporated and controlled in Eire—Two branches in England—Whether entitled to deduction for Eire taxes in computing profits assessable in England—Income Tax Act, 1918, Schedule D, Cases I and II, Rule 3 (a)—Finance (No. 2) Act, 1938, Section 12 (2).*

*Dowdall O'Mahoney & Co., Ltd. v. C.I.R.* (C.A., April 4, 1950, T.R. 97) was a case where the Special Commissioners had held that the appellant, an Eire company with its head office at Cork, carrying on business in the United Kingdom at two branches, was entitled to deduct in computing the profits of the said branches a proportion of the income tax, corporation profits tax and excess profits tax paid in Eire in respect of the whole of its profits, including those made here. When the case came before Croom-Johnson, J., he had remitted the case for the Commissioners to state the evidence on which the finding was based and to state the nature, effect and incidence of the Eire

taxes. Both parties appealed on the ground that the stated case set out all the evidence called. Somervell, L.J., giving the judgment of the Court, said that *C.I.R. v. Sansom* (1921, 8 T.C. 20) was clear authority that where the Court held that the case should not have been remitted it could proceed to deal finally with the substantive issue and, upon this, it found that the appellant company was entitled to the deduction claimed. Leave to appeal to the House of Lords was given.

The reasoning by which the result was arrived at, apart from a second argument based upon legal analysis of the Dominion income tax relief legislation, has not been found easy to follow. The case of *Stevens v. Durban-Roodepoort Gold Mining Co., Ltd.* (1909, 5 T.C. 402), was considered by the Special Commissioners to support their view and the Court considering that case found that:

We should have come to the conclusion that

the Irish taxes could and should be regarded as a disbursement laid out for the purposes of his trade here.

The *Gold Mining Co.* case was that of an English company, assessable in the United Kingdom in respect of the whole of its profits, which was subjected to a Transvaal tax upon the net produce from the mines in the Transvaal, and the issue was not whether the latter tax was deductible but the basis upon which the deduction was to be made. If business can only be carried on by an English company in a foreign country conditionally upon payment of local taxes then, clearly, the cost of complying with the condition is an expense of the foreign trade. It does not, however, follow that the converse is true. Let it be assumed that the two English branches of the Eire company had been carried on by English owners previous to their acquisition by that company and that, although the ownership was changed, the businesses were carried on exactly as before but, of course, subject to the general control in Eire. Can it be said that the fact of the change has reduced the trading profits of the English businesses by the amount of tax levied on those profits in Eire? A reduction caused by the expense of Eire control in the shape of directors' fees would be, of course, a different matter.

*Income tax—Film actor-producer—Three films—Contracts with three companies—Remuneration for services and rights varying in each contract to shares in proceeds or net profits of film distribution—Death of actor-producer before all amounts payable in respect of rights ascertainable—Whether executors assessable in respect of payments subsequent to death arising from contracts.*

*Purchase v. Stainer's Executors*, the "Leslie Howard" case (C.A., April 5, 1950), was noted in our issue of February last (page 65). Before the Special Commissioners and before Croom-Johnson, J., the executors had had complete victory. A divided Court of Appeal partially reversed the decision of the lower Court, but leave was given to either party to appeal to the House of Lords. Inasmuch as a very important point of principle is at issue, there is little doubt but that this will be done. In his previous note, the writer had expressed the view that remuneration assessable under Case II of Schedule D may take the form of a right to receive payments within Case III but that, in strictness, such a right had to be valued as remuneration by the assessing Commissioners as at the end of the basis year in which the services were rendered despite the factual impossibility of so doing. In the Court of Appeal, this argument was actually raised by Counsel for the executors but found no favour with any one of the three Judges. The Master of the Rolls expressed the view that:

Such a result would, in my judgment, be contrary to principle and common sense, and also contrary to *Asher v. London Film Productions, Ltd.* (1943, 22 A.T.C. 272), whilst Somervell, L.J., said:

Mr. Graham-Dixon suggested at one time that the proper course was to tax the actor in the year in which the film was made on the estimated value of all his future rights. I think this would be both impossible and unjust. . . . Nor can I see how sums not due could properly be brought in as professional earnings of the year in question.

Jenkins, L.J., was no less emphatic:

As the amounts which might be received, and the dates at which they might accrue, were entirely unknown, it would obviously have been impossible to bring them into account. No valuation better than a mere guess could have been made of these prospective payments, and even if it had been practicable . . . the result would have been grossly unfair to Mr. Howard in view of the incidence of sur-tax.

As the case stands at present, the majority of the Court of Appeal have held that in cases of "cessation" any liability to tax in respect of professional earnings accruing due after and unascertainable before the cessation depends upon those earnings taking the form of "annual payments" subject to tax under Case III of Schedule D. If this view is approved in the House of Lords, a

new method will have been provided, at least temporarily, for "reducing the burden of taxation," and this will be by no means limited to the field of literary and artistic profits.

*Income tax*—"Dividend at such rate that after deduction of income tax thereon at the current rate for the time being . . . the amount remaining shall be . . . 6 per cent. . . . less the amount of any income tax for the time being payable in excess of six shillings in the pound computed on a gross sum of six pounds per cent.—Method of applying this provision.

*Austin Motor Co., Ltd. v. British Steamship Investment Trust, Ltd.* (C.A., February 15, 1950, T.R. 65), received such wide publicity that it might be thought a note was unnecessary. There is, however, a wide misapprehension as to what the decision amounted to. In the unreported case of *Godfrey Phillips, Ltd. v. Investments Trust Corporation, Ltd.*, where the wording of the restriction was substantially the same, Vaisey, J., had held that the computation was to be as under:

	£	s.	d.
£6 grossed at 6s.	8	11	5
Less tax at 6s.	2	11	5
	£6	0	0
Less 3s. on £8 11s. 5d.	1	5	8
	£4	14	4 net payable

This computation took no account of the limitation of the excess tax to a gross sum of six pounds, and, although in his judgment Somervell, L.J., said:

I appreciate what I might describe as the logic and neatness of the result. I find it impossible to obtain the result out of these words,

the Court was unanimous that the words of limitation meant exactly what they said and that the tax deductible from the £6 was 3s. on this sum, viz., 18s., giving a net figure of £5 2s. An ingenious interpretation of the wording of the provision was put forward upon behalf of other stockholders as a third method but was rejected. The net effect of the case is that everything depends upon the exact wording of the provision. If the words of the provision commencing with "computed" had been omitted, the solution of Vaisey, J., would clearly have been approved.

*Schedule D, Case I—Debts owed to firm—Changes in partnership—"Cessation" procedure on second change—Balance of debt taken over at valuation by Firm No. 3—Further change but "cessation" procedure not applied—Debts recovered in full—Whether surplus over valuation taxable receipt—Income Tax Act, 1918, Schedule*

*D, Cases I and II, Rule 11 (1)—Finance Act, 1926, Section 32 (1).*

*Reynolds, Gibson v. Crompton* (Ch., April 3, 1950, T.R. 69) was a case where there had been a series of changes in a firm of cotton brokers. One of the changes took place on October 1, 1938, and in respect of it "cessation" was claimed under the Income Tax Act, 1918, Rule 11 (1). On that date Combined Egyptian Mills, Ltd., owed the then firm £174,600 and the new firm took over the debt at a valuation of £124,600. There was a later change in the firm in respect of which "cessation" was not claimed. Eventually the debt was paid in full, with the result that there was a surplus of £50,000, and the question was whether this sum was a capital receipt or a revenue receipt. The Special Commissioners had held that the new firm did not trade in book debts but that in the hands of the preceding firms the debt was in no sense a capital asset and that when taken over by the new firm at valuation its quality was not changed from revenue to capital but remained a debt on revenue account collectible in the ordinary course of trade, and that its collection was incidental to the trade. Roxburgh, J., affirmed their decision.

Basing his judgment on the observations of Romer, L.J., in *Golden Horse Shoe (New), Ltd. v. Thurgood* (1934, 18 T.C. 280), he held that whilst the debt became a capital asset, purchased out of capital, it was circulating and not fixed capital and that the profit realised was therefore not a realised accretion to a freed capital asset. He pointed out that Croom-Johnson, J., had come to a similar conclusion on similar facts in *Harry Hall, Ltd. v. Barron* (1949, 30 T.C. 541), holding that the question was essentially one of fact and saying that the book debts had arisen in the conduct of a business of the same nature, a feature applying in the present case. As the amount involved in the case was substantial the case may go farther. It may be suggested that, whilst the question whether an asset constitutes fixed or circulating capital may be a question of fact, the principle laid down in the above-mentioned judgment of Romer, L.J., is a principle of law with wide implications which have not yet been fully considered.

## City of London College

Comprehensive evening courses in preparation for the Intermediate and Final examinations of the Society of Incorporated Accountants, and an introductory course for newly articulated clerks and others who have just joined the profession, will be held during the winter. The Session will commence on September 25 and the enrolment evenings will be September 18 (last session's students only), 19 and 20. Preliminary inquiries should be addressed to the Secretary of the College, Moorgate, E.C.2.

# The Student's Tax Columns

## PERSONAL COMPUTATIONS

A FEW SIMPLE PERSONAL COMPUTATIONS MAY NOW BE OPPOR-  
tune. Although in these articles we have not yet dealt with  
all the Schedules, that need not cause readers any embar-  
rassment; they must accept the assessments as correct.

Family allowances and national insurance contributions  
have been ignored at this stage.

### Example 1

A taxpayer for 1949-50 had the following income:  
Business profits £800; N.A.V. of own house £50; Divi-  
dends: from A company £100 less tax, from B company  
£165 free of tax.

He is married, with two children eligible for relief, and  
pays £150 premiums on life assurance policies (post-1916).

	Total	Case I
	£	£
Profits .. .. .	800	800
House .. .. .	50	
Dividends A .. .. .	100	
B .. .. .	300	
	<u>£1,250</u>	

### Allowances:

E.I.A. .. .. .	£160	
P.A. .. .. .	180	
Children (2) .. .. .	120	
Life assurance (40 per cent of £150) .. .. .	60	
	<u>520</u>	<u>520</u>
	<u>£730</u>	<u>£280</u>

	£	s.	d.		£	s.	d.
£50 at 3s. .. .. .	7	10	0		7	10	0
£200 at 6s. .. .. .	60	0	0		60	0	0
£480 at 9s. .. .. .	216	0	0	(£30)	13	10	0
	<u>283</u>	<u>10</u>	<u>0</u>		<u>81</u>	<u>0</u>	<u>0</u>

The second column shows the assessment on business  
profits, where the allowances are given.

The total tax is thus paid as follows:

### Under Case I, Schedule D

January 1, 1950 .. .. .	40	10	0
July 1, 1950 .. .. .	40	10	0
	<u>81</u>	<u>0</u>	<u>0</u>

### Schedule A

January 1, 1950 .. .. .	22	10	0
By deductions from dividends A	£45		
B	£135		
	<u>180</u>	<u>0</u>	<u>0</u>
	<u>283</u>	<u>10</u>	<u>0</u>

Note that whether a dividend is declared "free of tax"  
or not, the gross amount which after deduction of tax at  
the standard rate equals the net amount payable must be  
regarded as the income.

### Example 2

For 1950-51 A has the following income: Profits £580,  
dividends (gross) £50. He is married with one small child,  
and pays interest of £20 on a loan.

Profits .. .. .	£580
Dividends .. .. .	50
	<u>630</u>
Less Interest .. .. .	20
	<u>610</u>
Total Income .. .. .	610
E.I.A. .. .. .	116
P.A. .. .. .	180
C.A. .. .. .	60
	<u>356</u>
	<u>£254</u>

	£	s.	d.
£50 at 2/6 .. .. .	6	5	0
£200 at 5s. .. .. .	50	0	0
£4 at 9s. .. .. .	1	16	0
	<u>58</u>	<u>1</u>	<u>0</u>
Tax to be suffered .. .. .	58	1	0

### Payable as follows

Deducted from dividends, £50 at 9s. ..	22	10	0
Less Recouped when paying interest, £20 at 9s. .. .. .	9	0	0
	<u>13</u>	<u>10</u>	<u>0</u>

	£	s.	d.
On Profits .. .. .	580		
Less Allowance .. .. .	356		

£224 £50 at 2s. 6d. ..	6	5	0
£174 at 5s. .. .. .	43	10	0
	<u>49</u>	<u>15</u>	<u>0</u>

Less Balance of reduced rate relief, £26 at 4s. .. .. .	5	4	0
	<u>44</u>	<u>11</u>	<u>0</u>
	<u>58</u>	<u>1</u>	<u>0</u>

Since the dividends have suffered tax at 9s. but he is  
entitled to pay on £26 at 5s., relief on £26 at 4s. is necessary,  
and given as shown. (It will be seen later that a company  
may have had Double Taxation Relief, which may restrict



reliefs due to the shareholder ; in this instance it has been necessary to ignore that complication.)

### Example 3

Had the dividends in the above case been £15 only, the position would have been :

	£	s.	d.
Profits .. .. .	580	0	0
Dividends .. .. .	15	0	0
	<u>595</u>	0	0
Less Interest .. .. .	20	0	0
	<u>575</u>	0	0
E.I.A. $\frac{£575}{5} = £115$			
P.A. 180			
C.A. 60			
	<u>355</u>	0	0
	<u>£220</u>	0	0
£50 at 2s. 6d. .. .. .	6	5	0
£170 at 5s. .. .. .	42	10	0
Tax to be suffered .. .. .	<u>£ 48</u>	15	0

Note that as the loan interest exceeds the unearned income, the excess must have come out of earned income so reducing the earned income allowance.

The tax payable is as follows :

	£	s.	d.
Profits .. .. .	580	0	0
Allowances .. .. .	355	0	0
	<u>£225</u>	0	0
£50 at 2s. 6d. .. .. .	6	5	0
£170 at 5s. .. .. .	42	10	0
£5 at 9s. .. .. .	2	5	0
Tax payable .. .. .	51	0	0
Tax deducted from dividend £15 at 9s.	6	15	0
Total tax paid .. .. .	57	15	0
Less Recouped from interest, £20 at 9s.	9	0	0
Tax suffered .. .. .	<u>£48</u>	15	0

Note here the "keeping in charge" of the tax deducted from the interest. Tax on £15 is covered by the dividend; the balance must be kept in the profits assessment.

## Publications

**BOOK-KEEPING AND ACCOUNTS.** By Spicer and Pegler. Twelfth edition edited by W. W. Bigg, F.C.A., F.S.A.A., and H. A. R. J. Wilson, F.C.A., F.S.A.A. (*H.F.L. (Publishers), Limited, London. Price 30s. net.*)

Students will welcome this new edition of one of the "classic" text-books, brought more up to date by the inclusion of the appropriate provisions of the Companies Act, 1948, and of several of the *Recommendations* issued by the Institute of Chartered Accountants in England and Wales.

The question which the student naturally expects to find answered in a review such as this is whether the book is recommended for study for examination purposes. The answer is an unequivocal affirmative. Potential examinees who read this text-book with understanding, and who work through the profuse illustrations conscientiously, are well on the way to success.

Nevertheless, it is to be regretted that the editors, in undertaking the monumental work of revision, did not apply throughout the text the more modern designs of financial statements, particularly as regards "grouping" in profit and loss accounts, on which increasing emphasis tends to be placed. There is no virtue in adherence to traditional forms unless there be virtue in the traditional form itself.

The use of the prefixes "To" and "By" can surely be abolished as serving no useful or informative purpose. Reference to that

contradiction in terms, "fictitious asset," should be no more than an historical allusion to an obsolete term never desirable and no longer necessary since the disuse of the heading "Assets" for one side of a balance sheet.

The earlier chapters of the text deal with single and double entry systems, cash books, etc., and the journal. In this part of the book mention of "mechanical systems of accounts" might have been expected; the editors, however, hold over this important aspect of modern book-keeping until nearly the end of the book, where, in an excellent chapter entitled "Miscellaneous Accounts," a page and a half is devoted to it. A separate chapter could profitably have been included on this subject. If space were a consideration, the chapter on cost accounts might well have been omitted: it is doubtful whether a single chapter in a comprehensive volume can suffice for this subject nowadays.

To review a work of this size in detail would require more space than this journal can afford, but mention must be made of the section devoted to consolidated accounts. In this a real effort has been made to clarify the difficult problems which may arise. Once upon a time—but this is no fairy story—an examiner was misguided enough to ask examinees to show their workings in an inner column of a consolidated balance sheet. Perhaps this is the reason why Bigg and Wilson have devoted space to this

method—one which causes difficulties for students and, indeed, has little to commend it. The space thus taken might better have been used in illustrating the preparation of a consolidated profit and loss account and balance sheet from lists of balances.

Although the writer does not agree with much that is advocated in the text on consolidation, and in particular the specific allocation of part of pre-acquisition profits, etc., to minority shareholders who are in no way concerned with or affected by the distinction between capital and revenue arising out of the pre-acquisition position, it must be admitted that differing views may well be taken on such issues. Nevertheless, the illustration of a consolidated profit and loss account given in an answer to an example on page 411 leaves much to be desired. One must assume that the editors allowed the form and design of this account to be sacrificed in favour of mere mathematical accuracy, but it is doubtful whether an account in such a form would satisfy examiners, even if it satisfied shareholders.

To say that there are only four minor points which seem to have escaped the eagle eyes of the editors is to congratulate them on a magnificent job of work. The first two points are to be found in the chapter on depreciation, reserves, etc., where the word "correct" is used when the word "fair" was obviously intended in relation to the view given by a balance sheet, and where the reader is referred to Appendix I for a reproduction of the Institute's *Recommendation* on depreciation when in fact the recommendation is reproduced in the body

of the text and there is no Appendix I. The third point may be controversial: it is stated that where a company has re-issued forfeited shares and has received from the ex-shareholder and the new, taken together, more than the par value of the shares, the excess should be placed to "share premium account." It is doubtful whether the excess is a share premium within the meaning of Section 56 of the Companies Act, 1948. If it is not, the suggested treatment will unnecessarily limit the uses to which the amount could be applied. The fourth point is that the reference on page 369 to the case of *In re William Metcalfe & Sons* (1933) as an authority for the treatment of a surplus in winding-up is an obvious oversight, for the current authority is *Scottish Insurance Corporation, Ltd., v. Wilsons and Clyde Coal Co., Ltd.* (1949), to which reference is made in a later chapter.

The bulk of this review has dealt with the book as designed chiefly for students. But in the preface to this edition the hope is expressed that it will provide a standard and authoritative work for practitioners. There is no doubt that it will attain this status. But when the next edition is prepared, the editors might feel disposed to satisfy even more amply the requirements of practising accountants, by contributing towards a solution of some current accountancy problems—taxation equalisation reserves, adjustments arising through currency devaluation, "historic" as opposed to "replacement" cost in the measurement of profit, and the like.

Let it be reiterated that there is no more admirable text for use by the student than the one under review and nothing that has been said here is to be taken as detracting from that view. R. A.

**WHITWORTH ON PROFITS TAX.** By Peter E. Whitworth, B.A., Barrister-at-Law. *Jordan and Sons, Ltd., London. Price 20s. net.*

From simple beginnings, profits tax has become an impost whose severity wounds the taxpayer and whose complexity troubles the accountant. It is inevitable, therefore, that the flow of literature on the subject should swell. The present volume is notable for conciseness and accuracy. The author, now practising at the taxation Bar, was formerly an Inspector of Taxes. He has produced a commentary that, within its limited scope, may be relied upon for an authoritative exposition of the law and practice.

We make the qualification because we are in some doubt about the category of readers for whom the book is intended. It contains a reprint of all the profits tax legislation, as amended, and this will not be the least useful part of the book to the busy accountant. There is an index, tables of statutes

and cases, and an appendix of worked examples from professional examination papers. This leaves only sixty-nine pages for the author's commentary. So small an allocation of space for such a subject obviously compels the writer to be concise, to deal with the more abstruse parts of the subject in cursory fashion, and to refrain from exploring rival arguments on contentious points. In general, the author states the Revenue view on disputed points without indicating that contrary opinions are held and are being currently argued. There is not even any discussion of the treatment of losses brought forward when current profits including franked investment income, but before deducting losses, do not exceed £2,000.

The brevity of the commentary and the inclusion of worked examination questions suggest that the book may be designed for the accountancy student. It should form an excellent introduction to the subject. Now that profits tax is ousting income tax from the more important taxation questions in the professional examinations, the student may well feel that he needs rather more instruction in this subject than a chapter at the end of a work on income tax. The examples might have been more instructive if, instead of taking them from actual examination papers, the author had constructed them himself and designed them to bring out the more difficult points; in particular it may be regretted that none of the worked questions in the appendix deals with an accounting period overlapping September, 1949.

The company director or secretary will also find this a useful work. He will not seek more than a brief and readable summary of the law and practice, for he will naturally refer points of difficulty for professional advice.

We have some doubts, however, whether practising accountants would economically spend a pound on the author's brief commentary. They will refer to a text-book only on points of difficulty, and these are likely to be just the points that the author has not given himself space to examine. The general practitioner does need a detailed work on Profits Tax to help him with such difficulties. Perhaps one day Mr. Whitworth, who is clearly well qualified to undertake the task, will write such a book; if so, he may regret having bestowed on the present slim volume its somewhat grandiose title. B. R. P.

**A DIGEST AND INDEX OF TAX CASES.** By Sir Edward R. Harrison, LL.B. Sixth edition by C. E. Garland, Barrister-at-Law. (*H.M. Stationery Office, London. Price £2 12s. 6d. net.*)

The sixth edition of perhaps the most useful work of reference relating to income

tax ever published comes after an interval of fifteen years. The spate of new cases during this period had made a new edition to be urgently needed by all whose business it is to understand, or, as some allege, to misunderstand, the complex law of the tax. The new edition, like its predecessors, is an Inland Revenue production, and, whilst this fact is of itself a guarantee of quality, all who have met him in his official capacity will know that the further fact that it is sponsored by Mr. C. E. Garland ensures that everything which care, capacity and knowledge can provide has gone to its compilation.

Whilst the main features of the original work are preserved, the new edition is marked by many departures from the plan hitherto followed and, in the present writer's opinion, the changes, dictated by difficulties, are not all pure gain. Hitherto, in general, the full headnotes to the cases have been reproduced either textually or substantially. In his preface Mr. Garland says:

The aim has been to make the index as comprehensive as possible by including brief notes on cases which do not appear in the official Reports of Tax Cases. It remains desirable, however, that the work should be in one volume for ready reference, particularly as it is proposed to issue an expanding loose-leaf supplement periodically. . . . Concise new summaries have therefore been made in many instances.

The difference between "brief notes" and "concise summaries" is not clear; but, in any event, the defect most likely to be found in any official "note" or "summary" is that commonly met with in epitaphs. In order to see how far the temptation had been resisted, the writer made only one test. This related to a case, noted on page 1090, where the Privy Council laid down with greater emphasis than clarity a general principle with regard to stock valuation which has been disregarded in this country and, in the present writer's opinion, rightly so. The bare decision is given but no mention is made of the general principle upon which it was based. As, again, Mr. Garland remarks in his preface:

It is important to bear in mind that the summaries are only pointers, and must not be regarded as taking the place of the full headnotes, still less of the actual judgments themselves,

and if the reader does not follow this advice, he has "been warned."

In the last half-century the British income tax—with local modifications—has been exported to most parts of the world, although, despite multitudinous double taxation arrangements, it can scarcely be said to have resulted in any marked shortage in the home market! Importing countries, however, have found it increasingly necessary to avail themselves of the aid to be derived from the judgments in our Courts,



and books of the standard of *Harrison* are, it is understood, in increasing demand. The extension of its scope should therefore make it more valuable as an export, seeing that decisions of the Privy Council are as infallible in the Colonial Empire as are those of the House of Lords in this country. Normally the income tax cases in the Chancery Division have been between taxpayers and their worth has tended to be lessened by the absence of Revenue participation. Many—possibly most of them—have been buried amongst the “unreported,” although it has always been possible that either Judge or Counsel may unexpectedly rescue one from oblivion. Inclusion of such cases where of importance will be of general advantage.

The *dicta* from the judgments, reproduced in the subject-matter part of the volume—always a very valuable feature—have been expanded to cover the hundreds of new cases dealt with. At £2 12s. 6d. the book is amazingly good value and, as a matter of interest, it may be worth noting that the cost works out at less per pound of weight than the pre-war 5th Edition. As respects quality, the present writer finds it rather hard to forgive the loss of the full headnotes but, apart from this, there is no doubt but that there is no falling-off. No attempt has been made to find mistakes. Looking for them is usually an unrewarding if not entirely barren enterprise in the case of Inland Revenue publications. Partly, no doubt, because the Department's resources are far greater, the new *Harrison* is something which is unexcelled by any product of private enterprise. W. B. C.

**HIGHER CONTROL IN MANAGEMENT.** By T. G. Rose. Fifth edition. (*Sir Isaac Pitman and Sons, Ltd., London. Price £1 5s. net.*)

The publication of a book by a well-known author always attracts considerable attention. This is particularly true of Mr. T. G. Rose, who can speak on management, at once the most apposite and, perhaps, the most popular technical subject of modern times, with the authority gathered from practical experience. Admittedly, this is a new edition of a work first published as long ago as 1934, and many readers will already be familiar with earlier editions; but it is a book which ought to be read by all accountants and all who have responsibility of management in industry. It has been thoroughly revised, with many improvements and additions, not the least of which is a chapter on “The Monthly Survey.” There are several new charts and improvements of charts included in previous editions.

Like any other writer able to speak with authority, Mr. Rose has a style which is, perhaps, a little too emphatic, and one can hardly hope to agree with everything he

says. He has a terminology almost entirely his own, which is apt to be very misleading to the uninitiated. What, for example, is meant by “company overheads”? You do not know, unless you read this book. It appears that we have advanced from budgetary control, through cost control, to higher control, but Mr. Rose himself says that these are “three different types of approach to the same problem.” We can hardly agree with the author's criticism of the former types of control, because it is based on the argument that they do not provide many of the things which, in our experience, they do.

It is perhaps unfortunate that so many books on this subject are written by engineers, and so few by accountants. It seems to be so fundamentally the work of the accountant to provide tools of management in accounting and statistical form.

Finally, may we suggest, with all due deference, one revision to be incorporated in any future edition? It is inconceivable that any experienced accountant would produce a profit and loss statement in the form reproduced on page 44, and upon which Mr. Rose bases much argument. Moreover, it is highly probable that the method applied by Mr. Rose in this chapter would be used by any accountant in the ordinary course of events. Other parts of this work indicate that the author has a very high opinion of accountants generally. Please may we have something in Chapter V more consistent with this view in future editions? J. J. E.

**HOW TO APPEAL AGAINST TAX ASSESSMENTS.** By J. H. Burton, F.S.A.A., F.C.C.S., F.T.I.I. (*Jordan & Sons, Ltd., London. Price 12s. 6d. net.*)

This work is designed as a practical handbook for taxpayers and their advisers for use in appeals generally. It deals with the powers and status of the appellate bodies appropriate to particular types of appeal; the procedure preliminary to the hearing; the conduct of the appeal; and the position regarding the statement of a case on a point of law for the opinion of the Court. In this connection there is a concise summary of the barely negotiable territory between questions of law and of fact, with references to cases which have dealt with propositions of particular relevance in that context. The effect of the *Elmhurst* case (20 T.C. 381) is rightly emphasised. Subject to informal withdrawal by consent, under Section 51 of the 1949 Act, a notice of appeal sets in motion, in strictness, the whole machinery provided by the Income Tax Acts for dealing with appeals, and it is open to the Commissioners concerned not only to reduce or confirm the assessment but to increase it. It is perhaps the more surprising that the author recommends wholesale notices of appeal when the assessments are received.

It would seem preferable to regard the checking of these as the first priority in the office at the appropriate season, considerable strain though that may involve, appealing purely by way of safeguard being restricted to cases in which assessments have not been received from clients. The relationship of interest (Finance (No. 2) Act, 1947) in appeals should also be emphasised. Assessments are sometimes raised in practice, in accordance with the computation, when the figures have not been agreed, and it is not desired to pay the tax in the meantime. If notice of appeal is given, interest will not run until after a formal determination of undisputed tax has been made by the Commissioners concerned.

The book ends with a specimen appeal which pays little respect to the forensic skill of the Inspectorate! An appendix reproduces the statutory provisions regulating appeals on many points.

The book is not intended to deal with the subject at specialist level, and gives a readable guide which should be of special value to those taxpayers who are incipient litigants, and to the younger practitioners. J. J. E.

#### BOOKS RECEIVED

**A SYSTEM OF INDUSTRIAL ADMINISTRATION.** By Edward E. Webster, A.C.W.A., A.I.L.A., M.C.I.A. (*Gee & Co. (Publishers), Ltd., London. Price 21s. net.*)

**PRACTICAL STATISTICS.** By F. Bradshaw Makin, F.C.I.S., F.R.ECON.S. Second edition. (*Gee & Co. (Publishers), Ltd., London. Price 12s. 6d. net.*)

**WAGES AND SALARIES: RECORDING AND DISTRIBUTING METHODS.** By J. H. Burton, F.S.A.A., F.I.M.T.A., F.C.C.S., F.R.ECON.S. (*Gee and Co. (Publishers), Ltd., London. Price 6s. net.*)

**THE CONDUCT OF AND PROCEDURE AT PUBLIC, COMPANY AND LOCAL GOVERNMENT MEETINGS.** By Albert Crew. Eighteenth edition by O. R. Smith, Barrister-at-Law. (*Jordan and Sons, Ltd., London. Price 10s. 6d. net.*)

**A REFRESHER COURSE IN BOOK-KEEPING.** By F. Phippen. (*George Newnes, Ltd., London. Price 6s. net.*)

**SPICER AND PEGLER'S PRACTICAL BOOK-KEEPING AND COMMERCIAL KNOWLEDGE.** Eighth edition. Edited by W. W. Bigg, F.C.A., F.S.A.A., and H. A. R. J. Wilson, F.C.A., F.S.A.A. (*H.F.L. (Publishers), Ltd. Price 15s. net.*)

**COMMERCIAL LAW, Vol. 2.** By F. J. Wright, M.SC.(ECON.), B.COM. The Technical College Series. (*The English Universities Press, Ltd. Price 10s. 6d. net.*)

**OXFORD ECONOMIC PAPERS. New Series.** January, 1950. No. 1, Vol. II. (*Geoffrey Cumberlege, Oxford University Press. Price 12s. 6d. net.*)



# The Month in the City

## Recession in Stock Markets once more

NO SOONER HAD THE GENERAL BODY OF investors begun to show signs of interest in the stock markets than the war in Korea brought uncertainty—and uncertainty of an ominous kind. The first reaction was a heavy fall in quotations in almost every section, but this was mainly a marking-down, unaccompanied by any general volume of selling. There has at no time in the last few weeks been any slump in the London markets parallel to that on Wall Street. Generally, however, prices have sagged, with the result that by the middle of the month the *Financial Times* indices for gilt-edged stocks and equity shares were back to about the level of end-May. Gold shares, especially the undeveloped mines, had dropped much more sharply—along with other securities in which there had been speculation—but some other commodity shares were firm. Strangely enough, the fall in the general fixed-interest list was appreciably less than that in the Funds, and it is something of a comment on the standing of the latter that they have for some time past proved more subject to fluctuations than good industrial debentures and Preference shares.

## Dollars Less Scarce

The periodic news of progress with our economic problems has been reasonably good for the time being. The increased dollar surplus in the second quarter and the continued rise in dollar exports are both satisfactory. But there is at least a suspicion that the larger dollar surplus is accompanied by a larger deficit with the rest of the sterling area. And the enlargement in dollar exports has been more than offset, so far as visible trade is concerned, by a rise in dollar imports. While the country's economy is in better shape and there is some evidence that the wages freeze has produced a minor increase in productivity beyond what was foreseen as a result of capital outlays, it is clear that we have still a long way to go.

## Commodity Prices

Investors in commodity shares have found that rising demand for materials by the United States has been of benefit to their profits, if not to their dividends. The sterling area as a whole has greatly profited from increased prices and larger shipments of some of its staple exports. The outbreak of hostilities in Korea has accentuated the

demand for certain strategic materials; the price of rubber has recovered all its recent fall; active trading in tin has driven the quotation above the very high levels prevailing immediately after devaluation, when the only supplies available in this country were releases from Government stock. Apart from these two commodities, whose position is affected by the proximity of the main sources of supply to the combat area, price rises have been considerable, but very much less sharp. If, as seems probable, the less immediate effect of Korea is to produce a general increase in armament outlays, at least among the signatories of the Atlantic Pact, the effects on both commodities and all investments may be considerable.

## The Inflationary Impetus

After some delay there is a growing realisation in investment circles that the precarious balance of the Budget is quite likely to be thrown out by even a modest rise in the cost of the fighting services. Further, the rise in commodity prices, while it improves the capacity of the sterling area for earning dollars, means that Britain has to export a larger volume of her goods to buy a given volume of imports of commodities. This adverse movement in the terms of trade is in itself inflationary. In existing circumstances, there is no effective hedge against inflation, but the desire to find one is already reflected in the particular weakness of irredeemable stocks.

The position in the stock markets to date is best summarised by a comparison of the indices of the *Financial Times*, which show the following falls as between June 23, the eve of the outbreak of the Korean war, and July 24: gilt-edged from 107.78 to 105.90; fixed interest from 123.30 to 122.10; industrial ordinary from 114.8 to 111.5.

## Bank Statements

The half-yearly statements of the English banks have done no more than call attention to the known trend. The features are the relative stability of deposits, coupled with the sharp rise in advances. This means, of course, a sharp fall in holdings of Government debt: the whole reduction has occurred in Treasury Deposit Receipts, holdings of Treasury Bills having risen slightly. Earnings should benefit modestly; the advantage to the banks will be limited by the fact that a not inconsiderable part of the advances has been made to State-

owned corporations and other very large bodies which pay minimum rates of interest. One point of general interest is that while the total of deposits has remained virtually unchanged on the year their turnover has increased materially. There is some reason to suppose that companies and individuals, who had previously been content to leave money on deposit, have found opportunities to lend it at higher rates of interest than were obtainable when the expansion of deposits was less rigidly controlled.

## Wool Spinners' Finance

*Patons & Baldwins*, which last year raised some £5.9 million by the issue of Preference and Ordinary shares, is now in the market for a further £2.5 million net. The increased demand is in part due to the rise in the cost of the new Darlington factory, in part to improvements in equipment now obtainable and in part to the increase in raw wool prices. The stock figure rose by £2.5 million to £10.4 million in the year to the end of April—even then, the rise does not fully reflect current prices. If it were not for the additional working capital thus needed, the company could cover from its own resources the higher cost of buildings and equipment, which seems to be £1,650,000. This is an all too common feature of recent company results. Rising commodity prices are already causing demands for credit, while any capital project which takes more than a matter of months to complete almost invariably costs more than the original estimate.

## American Institute of Accountants—New President Nominated

Mr. G. Coleman Andrews, Certified Public Accountant, of Richmond, Va., has been nominated to serve as President of the American Institute of Accountants for 1950-51. Voting will take place at the sixty-third annual general meeting of the National Professional Society of Certified Public Accountants in Boston, Mass., to be held from October 2 to 5.

After active service during the war, Mr. Andrews became head of the Corporation Audits Division of the General Accounting Office in Washington. For this work he received in 1947 the American Institute's award for outstanding service to the accounting profession through service to the public.

## Leeds College of Commerce—Revision Courses

The Leeds College of Commerce held pre-examination revision courses for accountancy students in April and May. Five lectures of one hour each were given on each of four successive Mondays to Intermediate students and on Thursdays to Final students. Thirty-six students attended, half of them candidates for the Society's examinations and half for the Institute's.

We are informed that it is hoped to hold similar courses each half-year.

# Points from Published Accounts

## Accounts versus Reports

The auditors of *Barrow Haematite Steel* have to make one departure from the orthodox form of certificate, interpolating the phrase "in conjunction with the directors' report" into the wording. This is because the accounts contain no explanation of the tax provision, the alternative—and surely less desirable—procedure being followed whereby the directors report that "the amounts for profits tax and income tax for 1949-50 have been reduced by approximately £26,000 due to the incidence of initial allowances on new plant." There is no explanation of whether or not the benefit is counteracted by the earmarking of £35,000 "towards future liability" for taxation, though this would appear to be the case.

## Comparative Figures: Two Omissions

In his speech with the accounts of *William Beardmore* the chairman points out that the profits figure includes £126,049 arising on the settlement of final prices of certain Government contracts relative to years when excess profits tax was operative. A footnote to the profit and loss account advances similar information, but without a comparative figure for the preceding year. This is supplied by the chairman, but we suggest that it should have been included in the footnote. Schedule 8, paragraph 14 (5), of the Companies Act, 1948, lays down that there shall be shown, "except in the case of the first profit and loss account laid before the company after the commencement of this Act the corresponding amounts for the immediately preceding financial year for all items shown in the profit and loss account." In the present case the chairman stepped into the breach by supplying the information in his speech, and if that speech had not been circulated with the accounts many shareholders might well have been left with the impression that the company had suffered a thumping setback in earnings.

A similar omission is made by *City of London Real Property*. The latest profit is shown, in a parenthesis, as struck after crediting a £49,091 transfer from repairs and redecoration reserve, but there is no comparative figure for the preceding year. The shareholder might reasonably conclude that there was no similar credit in the preceding year, whereas the company then transferred £42,867 from the reserve. This comparative figure should have been given.

## Treatment of Taxation

*Amber Chemical Industries* strikes a net profit before taxation, quite a common occurrence these days, and then shows the taxation debit as follows:

TAXATION—		£
Profits tax for the year ..		4,302
Income tax for the year 1949-50 .. .. .		12,943
Reserve for income tax for the year 1950-51 and proportion of capital allowances carried forward .. ..		11,085
		<hr/> 28,330
Less Reserve at December 31, 1948 .. .. .		17,439
		<hr/> 10,891
Less Adjustments for earlier years .. .. .		1,456
		<hr/> <u>£9,435</u>

## De minimis . . .

The balance sheet of *Amber Chemical Industries* shows "Goodwill—excess cost of shares in subsidiary companies over nominal value of such shares, less capital reserves, per statement attached . . ." and this statement is as follows:

GOODWILL LESS CAPITAL RESERVES December 31, 1949		£
BALANCE AT DECEMBER 31, 1948		35,792
Add Adjustment of pre-acquisition profits of a subsidiary company		490
		<hr/> 36,282
Deduct:		
Net profit on revaluation of fixed assets of a subsidiary company:		
Increase in value of freehold property (now included at cost) .. ..	4,682	
Less: Reduction in value of plant, machinery, etc. ..	4,504	
	<hr/> 178	
Instalment of consideration for sale of trade marks in South Africa ..	1,667	
	<hr/> 1,845	
Less: Compensation for loss of office paid to members of the staff of a subsidiary company .. ..	1,745	
	<hr/> 100	
		<hr/> <u>£36,182</u>

A wealth of figures to show how a reserve has increased by £390!

## The Investors' Defender

From time to time *The Investors' Chronicle* embarks on a closely reasoned criticism of company accounts. The journal does not attack the theory of accounting but examines its practice in the light of the Companies Act and especially of those parts of the Act relating to the divulging of information to shareholders. One of its frequent debating grounds is the basis on which net profits are struck, and the differing treatment of reserves, provisions and extraneous items. With practically every company with which it deals each week it makes a calculation of the percentage earnings available for the ordinary capital. Its method of arriving at this figure must sometimes perplex directors and their auditors, but evidently it aims to eradicate extraordinary items and to try to arrive at a "normal profit" of the year. And in its calculation of earnings on the ordinary capital it allows for the additional profits tax that would be payable if profits were divided fully.

In a recent issue, the accounts of *J. Lyons* were criticised on three points:

1. *Depreciation*.—A note to the company's accounts explains that the increases in capital reserves are mainly due to additional depreciation charges and to credits in respect of initial allowances, etc. *The Investors' Chronicle* says:

Presumably the "additional depreciation charges" that have been used to enlarge the capital reserves form part of the debit now made to profit and loss. If that is so, part of the debit consists of a provision for depreciation that had to be made of necessity; part a reserve for depreciation representing an optional allocation of profits. If this interpretation is right the company should have distinguished between the two components of the depreciation debit, for without knowing the amount of depreciation reserve that has been incorporated in the capital reserves it is impossible to arrive at a true figure of net profit for the year.

2. *Initial allowances*.—Credits arising from initial allowances have been taken to reserve, and it is considered that

in the circumstances the bald entry "estimated taxation on profits for the year" in the profit and loss account should have been elaborated. Either the total tax charge . . . is the amount before crediting relief in respect of initial allowances—that would seem to be the case—or it has been reduced by the amount of initial allowances. Either way the position should have been made plain, for in the absence of full particulars it is difficult to judge the true significance of the amount described as "profit for the year."

3. *Additions to reserves*.—The journal points out that the Companies Act lays it down



that where the amount of the reserves shows an increase as compared with the amount at the end of the immediately preceding year the source from which the amount of the increase has been derived shall be shown. *The Investors' Chronicle* contends that where more than one source has contributed to the increase it is necessary in practice, if not in

law, for the individual contributions made by each source to be shown. (We ourselves argued similarly in a note on another company's accounts on page 258 of our last issue.)

Not only from the investors' point of view but also from that of a wider public these are valid criticisms. However, there is the

legal deficiency that the Companies Act, 1948, does not define what the word "profit" means. At least, *The Investors' Chronicle* has the courage to speak out for the investing public. Criticisms such as those quoted above may in time have a salutary influence on the form of presentation of company accounts.

## L A W

# Legal Notes

### *Wills—Bequest to hospital.*

A testatrix left money to a hospital. After the execution of her will, but before her death, the hospital and its endowments became vested in the Minister of Health under the National Health Service Act, 1946, but the work of the hospital continued to be carried on. In *Re Morgan's Will Trusts* (1950, 1 A.E.R. 1097) Roxburgh, J., accepted a submission that the bequest was a gift for the general purposes of the hospital, that is to say, a gift for the work which was being carried on upon the premises at the date of the will. As the work was still being carried on, there was no lapse and the money was to be paid over to the hospital management committee.

This committee in fact controlled more than one hospital but they made no objection to his Lordship's proposal that the money should only be used for the purposes of the hospital named by the testatrix.

### *Trustees—Duty to secure best price.*

In property dealings some weeks often pass between the oral agreement of the parties and the formal exchange of contracts. During this period neither side is, generally speaking, under any legal obligation to complete the bargain, yet most people would feel that it was a breach of commercial morality for the would-be vendor to refuse to go on merely because he had received a higher offer. In *Buttle v. Saunders* (1950, W.N. 255) Wynn-Parry, J., pointed out that trustees are in a different position from those who are selling on their own account. It is the duty of trustees to secure the best price possible and therefore they should pay careful consideration to any higher offer received before a binding contract has come into existence, though they would not in all circumstances be bound to break off the original negotiations and start afresh, for a bird in the hand might be worth two in the bush. In the case

before him his Lordship said that the trustees had been wrong in thinking that they ought to proceed with the matter in hand as a matter of commercial morality; there was no danger of losing the contract by delay as the person making the first offer was clearly anxious to purchase: the trustees ought to have given the person making the new offer a limited time in which to sign a contract at the higher price.

### *Receiver—Duty to make preferential payments.*

In the autumn of 1939 a company had incurred a liability for rates. In May, 1940, a receiver of the assets of the company was appointed by the debenture-holders out of court and in June, 1940, a winding-up order was made. The receiver continued to act with the authority of the Court.

The local authority made many demands upon the receiver for payment, but they did not issue a writ until November, 1948. In this they claimed that the receiver had committed a breach of his statutory duty under the Companies Act, 1929, Section 78 (1), by paying away assets of the company to ordinary creditors without making provision for their preferential claim. Under this Section (which is now replaced by Section 94 (1) of the Companies Act, 1948), where a receiver is appointed by debenture-holders at a time when the company is not being wound-up, the debts which are treated as preferential debts in a winding-up are to be paid out of any assets coming to the hands of the receiver in priority to any claim for principal or interest in respect of the debentures.

Danckwerts, J., decided (*Westminster City Council v. Haste* (1950, 2 A.E.R. 65)) that no account should be taken of any assets that might have been in the hands of the receiver before November, 1942, for as the action lay in tort there was a time limit of six years. However, in 1945 the receiver did have assets sufficient to satisfy the preferential

debt and he was held to be liable for not making satisfaction. In his Lordship's view Section 78 of the 1929 Act was not merely negative. It imposed upon the receiver the positive duty of satisfying preferential debts not only out of assets that he took over on his appointment—this question had already been settled in *Woods v. Winskill* (1913, 2 Ch. 303)—but also out of assets that might subsequently come into his hands.

### *Coal nationalisation—Valuation of transferred interests.*

Among the assets of a colliery which were transferred to the National Coal Board was a quantity of mining timber which had to be valued for compensation under Section 13 of the Coal Industry Nationalisation Act, 1946. By Section 13 (4) the value is to be the amount which the goods might have been expected to realise if they had been sold on January 1, 1947, in the open market by a willing seller to a willing buyer, and by Section 13 (5) regard must be had to all relevant circumstances.

Now on January 1, 1947, there was in force the Control of Timber (No. 35) (Mining Prices) Order, 1944 (S.R. and O. 1944, No. 920), which imposed fixed prices for imported mining timber and maximum prices for home-grown mining timber. In *Priestman Collieries, Ltd. v. Northern District Valuation Board* (1950, 2 A.E.R. 129) the question arose whether the Board was right in valuing timber on the assumption that the Order was in force; if the Order was to be ignored, the value would be considerably higher. The Divisional Court held that the Board was right: the phrase "open market" did not contemplate a purely hypothetical market which was to be exempt from any restrictions imposed by law; it must be a market in which buyers and sellers could legally have operated on the material date and the existence of the Order was one of the "relevant circumstances" to which regard had to be paid.

A further point then arose, because under the Order one range of prices was fixed for imported timber sold to the owner of a coal mine for use in that mine and a higher range was fixed for sales to any other buyer. As in this case both parties had agreed before the Board that the buyer who would offer the best price would be a buyer who



was going to use the goods on the site where they lay, the Court decided that the range of prices applicable was that governing sales to mine-owners. If, however, in another case it could be proved that the goods might be expected to be bought by someone other than a mine-owner, it would seem that the higher range of prices might apply.

#### *Wills—Meaning of personal chattels.*

In *re Chaplin, Decd.* (1950, W.N., 254) Vaisey, J., decided that a motor yacht which had been used by the testator solely for pleasure purposes was a "personal chattel," as defined by the Administration of Estates Act, 1925, Section 55 (1) (x).

#### *Advances to pay wages—Bank's right to rank as preferential creditor.*

Another decision on preferential debts was given in *re Primrose (Builders), Ltd.* (1950, W.N. 311). A company had an overdraft which the bank was unwilling to increase. Arrangements were, however, made from time to time by which the bank advanced further sums for the sole purpose of enabling the company to pay wages when the bank was satisfied that amounts at least equal to the advances would shortly be paid into the account. The company was later ordered to be wound-up compulsorily.

By Section 319 of the Companies Act, 1948, wages accruing due during the four months before the relevant date are to rank as preferential debts, and if wages have been paid out of moneys advanced by any person for that purpose, that person is, in effect, entitled to rank as a preferential creditor to the extent of the wages so paid. The bank therefore contended that they were entitled to preference. The liquidator argued that the moneys advanced for the payment of wages had already been repaid by the sums subsequently credited to the company's account. He contended that the special arrangements made between the company and the bank displaced the normal rule, known as the rule in *Clayton's case*, under which in a running account credits are to be appropriated to debits in order of time.

Wynn-Parry, J., upheld the contention of the bank. There was no evidence of any arrangement which would displace the rule in *Clayton's case*. The cheques paid into the current running account did not provide the wages but reduced the overdraft—the wages were paid by money advanced by the bank for that purpose. The facts were more strongly here in the bank's favour than they were in an earlier unreported case (*National Provincial Bank, Ltd. v. Freedman*), in which a bank was held to be entitled to preference, although the advances for wages were not made until the credits had actually been received.

#### *Dissolution of building societies.*

Danckwerts, J., held in *Payne v. Coe* (1950, 2 A.E.R. 111) that there was nothing in the Building Societies Acts, 1874 and 1894, which compelled the trustees under a deed of dissolution of a building society to call annual general meetings of members between the start of the dissolution and its completion.

#### *Winding-up of foreign companies.*

The Courts have been frequently asked to disentangle the affairs of Russian companies which were dissolved by the Soviet Government in 1918 leaving behind them either assets or liabilities in this country. The M bank was one of those companies and it has been in process of liquidation since 1932.

In *Banque des Marchands de Moscou v. Kindersley* (1920, 2 A.E.R. 105) the liquidator of the bank was suing for moneys alleged to be due to the bank and the defendants took the preliminary point that the winding-up had been made without jurisdiction, because the bank had never had a place of business nor carried on business in England except through agents and because the petition had not been properly served.

It so happened that the defendants themselves had submitted a proof in the liquidation and were taking steps to secure the admission of that proof. Harman, J., held that by their conduct the defendants had unequivocally recognised the validity of the winding-up and could not now dispute it. Apart, moreover, from the question of estoppel the learned Judge held that the order for winding-up had been properly made. The evidence did not satisfy him that the company had ever carried on business in England except through agents, but there were admittedly large assets of the bank in this country and that fact alone established jurisdiction: the case was distinguishable from *Re Lloyd Générale Italiano* (1885, 29 Ch.D. 219), in which the company was found to have no assets in England. As to service of the petition, the company had been dissolved before its date and had never had a place of business in England: there could therefore be no objection to the order under which substituted service of the petition had been effected by advertisement.

Mr. Bernard Walkden, B.COM., F.S.A.A., has been awarded a research grant by the Trustees of the Houlton-Norman Fund. His research work will be upon uniform card accounting in relation to price control. Mr. Walkden is head of the Department of Commerce at the Mining and Technical College, Barnsley.

### THE SOCIETY'S TAXATION COURSE

The six papers delivered at the Taxation Course of the Society of Incorporated Accountants, held at Ashridge College from June 23 to 27, have been printed and are to be sent to all members of the Society, free of charge.

Additional copies may be obtained, price 2s. per copy of each paper (by post 2s. 3d.), from the Secretary, Society of Incorporated Accountants, Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2.

The subjects and lecturers are as follows:

*Profits Tax*, by James S. Heaton, A.S.A.A.

*Taxation of Foreign Income*, by Frank Bower, C.B.E., M.A.

*Income Tax and Sur-tax with reference to Settlements and Private Companies*, by J. R. Paramour, F.C.A., F.S.A.A.

*Income Tax Act, 1945—Capital Allowances*, by H. A. R. J. Wilson, F.C.A., F.S.A.A.

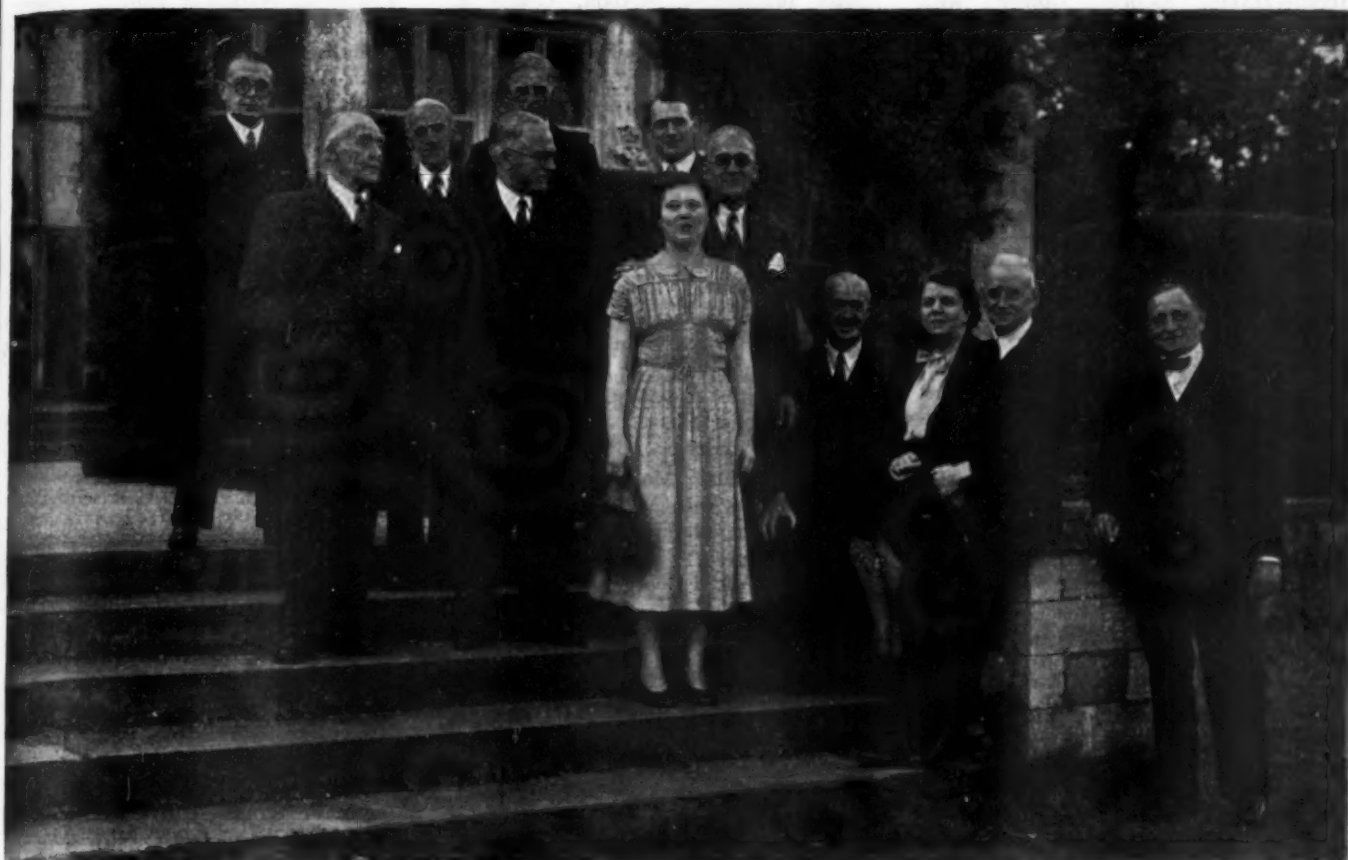
*Double Taxation*, by B. R. Pollott, M.A., A.S.A.A.

*Back Duty Cases*, by P. F. Hughes, A.S.A.A.

### "BOOK VALUES versus REPLACEMENT"

A small booklet with this title has been issued by John Foord and Company, Valuers and Assessors, of 56, Victoria Street, London, S.W.1. The company have published this booklet—copies of which they will provide on application—because a long experience in valuing work has convinced them that many firms do not realise the great importance of an independent scheduled valuation of plant, machinery and buildings. In many instances, the booklet states, insurance cover is based on false and insufficient values—sometimes on accounting figures which have been depreciated far below present-day values. Even where insurance values have been "uplifted," those responsible may still be inaccurate in their reckoning unless they have obtained independent professional assistance. Insurance companies also require definite proof of value in the event of loss. "It is not too much to say that no fire policy is complete without a detailed valuation." Valuations are also of great value in connection with debenture issues, sales of businesses, company promotion, partnership agreements, probate, costings, and for obtaining maximum depreciation allowances for tax purposes. They also provide the best means, the booklet continues, in satisfying the requirement of the Companies Act, 1948, in regard to the amount of the fixed assets stated in the balance sheet.

# The Society of Incorporated Accountants



## THE SOCIETY'S TAXATION COURSE—ASHRIDGE COLLEGE

Our photograph, taken at Ashridge College during the Taxation Course held by the Society of Incorporated Accountants at the end of June, shows (reading from left to right): Mr. J. R. Paramour, F.C.A., F.S.A.A. (Lecturer); Captain Henry Gordon (Secretary of Ashridge College); Mr. Wyn Griffith (Lecturer); Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A. (Lecturer); Mr. Bertram Nelson, F.S.A.A. (Member of the Council of the Society); Mr. I. A. F. Craig, O.B.E. (Secretary of the Society); Miss Wilson; Mr. A. Stuart Allen, F.S.A.A. (President of the Society); Admiral Sir Denis Boyd, K.C.B., C.B.E., D.S.C. (Principal of Ashridge College); Miss P. E. M. Ridgway, B.A., F.S.A.A. (Member of the Council of the Society); Mr. A. A. Garrett, M.B.E. (Past Secretary of the Society); Mr. T. H. Nicholson, F.S.A.A. (Member of the Council of the Society).

## SPECIAL COUNCIL MEETING

A SPECIAL MEETING OF THE COUNCIL WAS held on July 27, 1950, in accordance with Articles 34 and 35.

The Council considered a report from the Disciplinary Committee together with evidence which had been furnished to that Committee and which disclosed that William Charles Olliffe, London, had been removed by Order of the High Court of Justice, dated February 16, 1950, from the office of liquidator of Westons (Epsom) Ltd., and further that he had been convicted on five occasions between April 20, 1949, and July 17, 1950, in respect of his failure to file returns in accordance with the provisions of the Companies Act, 1948.

The Council, having considered the report of the Disciplinary Committee, and the evidence furnished, resolved that William Charles Olliffe, Associate, London, be and

he is hereby excluded from membership of the Society, in accordance with Articles 34 and 35.

## Results OF EXAMINATIONS MAY, 1950

A statement by the Council of the Society on the results of the May Final Examination appears in a Professional Note on page 268.

### FINAL EXAMINATION Honours Candidates (3)

MORRIS, David Stanley (with Martin, Farlow & Co.), London.

(First Certificate of Merit and First Prize.)

BLAKEMORE, Geoffrey (with J. Wild & Co.), Radcliffe.

(Second Certificate of Merit, bracketed with another candidate.)

JOHNSON, Cyril Stanley (with Deloitte, Plender, Griffiths & Co.), London.  
(Second Certificate of Merit, bracketed with another candidate.)

### Candidates Passed (194)

Ashton - under - Lyne—ALKER, Robert (formerly Deputy Borough Treasurer).

Bacup—HALL, Stanley (formerly with J. H. Lord & Co.).

Bath—WYATT, Thomas Arthur (with Harrison Smith & Haughton).

Belfast—GARLAND, Leonard Frederick (with H. W. Garland & Co.).

Birkenhead—NIELSEN, Peter Stewart (Borough Treasurer's Department).

Birmingham—CRESSWELL, Albert Eric (with Peat, Marwick, Mitchell & Co.); MADLEY, James Price (with Peat, Marwick, Mitchell & Co.); WALKER, Edward Henry (with Foster & Stephens).

**Blackburn**—NORMAN, Stanley John (with W. Ainsworth).  
**Blackpool**—NUTTALL, Eric (with F. W. Coope & Co.).  
**Blyth**—HAKIN, George Dowey (with S. H. Brooks & Co.).  
**Bradford**—ANDREWS, Bernard (with R. S. Dawson & Co.); BURROWS, Raymond Matthew (City Treasurer's Department); CLARE, John Kenneth (with Rushworth, Ingham & Rhodes); VERITY, Kenneth (with Rupert Lindley & Son).  
**Brighton**—MARKS, Brian (with Carpenter, Arnold & Turner).  
**Canterbury**—BLOWER, Roland Stanley (with Larking & Larking).  
**Cardiff**—BOWEN, John Murray (City Treasurer & Controller's Department); BOWLEY, Mervyn Welford (Treasurer's Department, Glamorgan County Council).  
**Carlisle**—KILGOUR, William Neil (with E. J. Williams & Co.).  
**Darlington**—GROCK, Henry Norwood, B.COM. (with Peat, Marwick, Mitchell & Co.).  
**Derby**—POOLES, Richard Ingram (with Cooper-Parry, Hall, Doughty & Co.).  
**Dewsbury**—TAYLOR, Harry (with G. L. Hirst & Co.).  
**Doncaster**—BUCKENHAM, George Thomas (with Watson, Waddington & Sharp).  
**Dorchester**—COCKINGS, Peter George (with Edwards & Edwards); O'REILLY, Lawrence John (Treasurer's Department, Dorset County Council); STONELL, Joseph Frank (with Edwards & Edwards).  
**Douglas**—CALLOW, Frederick John (with B. Sugden & Co.).  
**Dublin**—BENNETT, Stanley George (with Cooper & Kenny); MURPHY, Fergus Henry (with Cooper & Kenny); O'REILLY, Terence (with Purtill & Co.); PHELAN, John Raymond (with Purtill & Co.).  
**Dunfermline**—CONDIE, James, Jun. (with James Condie & Co.).  
**Eastbourne**—SMITH, Reginald Edwin (with Edmonds, Clover & Jones).  
**Edinburgh**—MACRAE, Charles Edward Stuart, B.COM. (City Chamberlain's Office).  
**Glasgow**—McLAY, Thomas Cullen (with Wm. H. Jack & Co.).  
**Grimsby**—MUMBY, Wilfred Derek (with Hodgson, Harris & Co.).  
**Huddersfield**—BROADHEAD, George Warwick Buckley (with Kaye & Wood).  
**Hull**—COPEMAN, Ronald Cyril (with Smailes, Holtby & Gray).  
**Keighley**—EVANS, Donald, B.COM. (with Cryer & Kitchen).  
**Kilmarnock**—BROWN, John (Town Chamberlain's Department).  
**Leeds**—ARMITAGE, George Michael (with Fredk. & C. S. Holliday); BRAITHWAITE, Anthony Lewis (with Alexander, Sagar & Co.); GILL, Joseph Edward

(with Victor Walton & Co.); HANSON, Harold (with S. R. Fuller & Co.); PADBURY, Kenneth (with J. W. Close Hirst & Co.); POPPLESTONE, Harold (with Blackburns, Robson, Coates & Co.); RAISTRICK, Robert Marston (with Peat, Marwick, Mitchell & Co.); SMART, William (with Volans, Leach & Schofield); WHITEHEAD, Arthur, B.COM. (with Ralph Holmes & Co.).  
**Leek, Staffs**—LEACH, Arthur Warren Geoffrey (with Bournier, Bullock & Co.).  
**Leicester**—BLAKESLEY, Jack (with Austin & Co.); RABY, Benjamin Arthur (with Jewsbury Barnett & Co.).  
**Lincoln**—HARRIS, Walter Frank, B.COM. (formerly with J. Nicholson & Co.).  
**Liverpool**—HILTON, Alan (with H. Noel French, Ormrod & Co.); PERRY, William Robert (with Thomas Eaves & Co.); STEELE, John Harold (with Sheard, Vickers & Winder).  
**London**—AHMED, Mohammad Ibrahim, B.A. (formerly with Middlemiss, Sheasby & Co.); ALLSOPP, Harry William (with Nevill, Hovey, Gardner & Co.); ANDREWS, Alfred George, (with H. Waisson Wilson & Co.); BAYNHAM, Edward James (with Welch & Foley); BURRELL, Derrick Patrick (with Peat, Marwick, Mitchell & Co.); CHAPMAN, David Howard (with Chantrey, Button & Co.); CLARKE, Leonard John (with Deloitte, Plender, Griffiths & Co.); DANBURY, Eric John (with Clarkson & Rumble); DEWELL, Desmond Edward (with Hill, Vellacott & Co.); DOLLIMORE, Claude Theodore (with Albert V. Hussey & Co.); DOOUSS, Maurice James (with Lomax, Clements & Co.); DRAGE, Leslie Ernest (with Spicer & Pegler); DUFFIELD, Douglas Owen Roy (with Gilroy, Ruck & Jenkins); DYETT, Arthur Charles (with Allan, Charlesworth & Co.); FELSTEAD, Ronald Robert (with Peat, Marwick, Mitchell & Co.); GOWER, Peter Leveson (with John M. Winter & Sons); GRAYSON, James Gomm (with Rowley, Pemberton & Co.); GROVES, Maurice Roger (with Rawlinson & Hunter); HERMAN, Gershon (with Lawrence H. Fink); HILLS, John Herbert (Chas. W. Rooke, Lane & Co.); HOLDING, Douglas William Charles (with Bolton, Pitt & Breden); JONES, Robert Louis (with Moore, Stephens & Co.); KATER, Douglas Alfred (with Smith, Matheson & Co.); KELLY, Owen (with Edmund D. White & Sons); LINDSEY, John Walter Reginald (with Clark, Battams & Co.); McHUGO, Dominic Vincent (with C. N. Walter, Lester & Co.); MADGWICK, Donald Frederick (with Spicer & Pegler); MARKUS, Hugh Brian, B.SC. (with H. Finck); MOORE, Kenneth Thomas (with Buzzacott, Lillywhite & Co.); MORTON, William Herbert (M. S. Bradford & Co.); MUGLSTON, Francis Neale (with Price

Waterhouse & Co.); PARKER, John Michael (with Sewell, Hutchinson & Co.); PARKIN, John (with Hodgson, Harris & Co.); PEARSON, Peter James (with Townsend, Watson & Stone); REDSTON, Douglas Arthur (with Deloitte, Plender, Griffiths & Co.); RICHARDS, John William (with Turquand, Youngs, McAuliffe & Co.); SANDERS, Sidney Stephen Knill (with Metropolitan Water Board); SCOTT, Arthur Edward Reuben (with Hereward, Scott, Davies & Co.); SINCLAIR, Margaret (with Beaton, Hewson & Co.); SMITH, Clifford George Reynolds (with Carnaby Harrower, Barham & Co.); SPENCER, Gordon James (with H. A. Merchant & Co.); SPENCER, Spencer Owen (with Cole, Dickinson & Hills); SPIVEY, Arthur Ambrose (with Moore, Stephens & Co.); WESTON, William Talbot (with Gardiner, Hunter & Co.); WOOD, Leslie James Alfred (with Tribe, Clarke, Painter, Darton & Co.).  
**Manchester**—BENTLEY, Alan (with Towers & Naismith); COPESTAKE, Denis (with Appleby & Wood); HOPWOOD, Campbell (with S. E. Cottam & Son); MELLOR, Norman (with Ashworth, Mosley & Co.); SMITH, Peter Duncan (with Fred. A. Fittin, Wilson, Smith & Martin).  
**Newcastle-upon-Tyne**—DANSKIN, Henry (with Peat, Marwick, Mitchell & Co.); KINGSLEY, John Edwin (with Eyton & Eyton).  
**Nottingham**—CHAPMAN, Kenneth Ashley (with F. Stokes & Ricks); KNIGHTS, Claude William (with Peat, Marwick, Mitchell & Co.); OLIVER, Thomas Ralph (with Harold T. Hooley).  
**Oxford**—TRAFFORD, Kenneth Cyril Ronald (with Thornton & Thornton).  
**Plymouth**—BROWN, Kenneth Aubrey James (with A. J. Northcott, Lyddon & Co.); HORE, Edward Augustine (with Whitmarsh, Edgcumbe & Co.).  
**Portsmouth**—KYNASTON, Frederick James Russell (formerly with Edmonds & Co.).  
**Preston**—TREASURE, Fred (with Whitehead & Aldrich).  
**St. Helens**—ATHERTON, Albert (with John Tait).  
**Sheffield**—DRAYCOTT, Harry Hudson (with Camm Metcalfe, Best & Co.); HEDLEY, Robert (with Joshua Wortley & Sons); ROWAN, Jack (with Ransom, Harrison & Lewis); WALKER, Peter Duke (with Camm Metcalfe, Best & Co.).  
**Skegness**—PEARSON, John Frank (with Mountain, Jessap & Co.).  
**Southampton**—ROOD, Derrick Peter (with Woolley & Waldron); STAFF, Leonard Sydney (Borough Treasurer's Department).  
**Stoke-on-Trent**—PENNEL, Harry (with F. Geen & Co.).  
**Tolworth**—PRATT, Leslie Charles (with Victor W. Sayer & Co.).



**Walsall**—LONGDEN, William (with A. & E. Law & Co.).  
**Waterford**—LUMLEY, William Joseph (with H. B. Brandon, Ferguson & Co.).  
**West Hartlepool**—GROVES, John Spanton (with W. T. Walton & Son).  
**Wetherby**—MYERS, Frank Hanson William (with Frank Myers).  
**Whitstable**—HUNNISETT, Philip Daniel (with Clifford Davey & Co.).  
**Winchester**—WOOTTON, Leonard Kenneth (with A. J. Whittington).  
**Wolverhampton**—KELLY, William Gilbert (with L. M. Copeland).

## INTERMEDIATE EXAMINATION

### Honours Candidates (12)

**MATHER**, Derek (with Cooper Brothers & Co.), Liverpool.

(First Place Certificate and First Prize.)

**ACHARYA**, Senapur Panduranga, B.COM. (formerly with D. H. Kabraji & Co.), Bombay.

(Second Place Certificate and Second Prize.)

**KING**, Gerald James (with Peplow & Co.), Newton Abbot.

(Third Place Certificate and Third Prize.)

**HUXLEY**, John (Deputy Borough Treasurer), Stalybridge.

(Fourth Place Certificate.)

**GOOCH**, Alan (with Goldie, Campbell & Robins), Hull.

(Fifth Place Certificate.)

**REEVE**, Kenneth Charles (with Duck, Mansfield & Co.), London.

(Sixth Place Certificate.)

**COHEN**, Leslie Harold (with Bernard Phillips & Co.), London.

(Seventh Place Certificate.)

**Tovell**, Laurence (Assistant District Auditor, Ministry of Health), London.

(Eighth Place Certificate.)

**BLACKIE**, Bruce Robert Roper (with Lentell & Trenchard), Seaton.

(Ninth Place Certificate.)

**EVANS**, Frederick Leonard (with Keens, Shay, Keens & Co.), Stony Stratford.

(Tenth Place Certificate.)

**RENVILLE**, Ronald Richard (Berkshire County Treasurer's Department), Reading.

(Eleventh Place Certificate.)

**PECK**, Julian Forbes Arbuthnott (Audit Dept., Ministry of Labour and National Service), Edinburgh.

(Twelfth Place Certificate.)

### Candidates Passed (322)

**Aberdeen**—WILSON, Raymond Stewart (with G. & J. McBain).

**Abergavenny**—EVANS, Mavis (with Dorrell, Oliver & Co.).

**Alnwick**—BIRD, Arthur William (with Greaves & Co.).

**Bacup**—ASHWORTH, Roland (with J. H. Lord & Co.).

**Bath**—BAIGENT, Geoffrey Wallace (with Harrison, Smith & Haughton); SHORE, Norman Henry (with Albert J. Pope).

**Belfast**—BALMER, Walton Campbell (with Martin Shaw, Leslie & Shaw); BOYD, William James (with S. B. I. Abbott & Co.); BOYLE, John McKee, B.COM. (with Samuel Boyle & Co.); CRUISE, David Gardiner (with McCall & Zebedee); HARRIS, Richard Ernest (with Martin Shaw, Leslie & Shaw); HEANEY, James George (with Olver & Spence); OAK, Mirdza (with Martin Shaw, Leslie & Shaw); SPILLER, Michael MacNaughton (with Hill, Vellacott & Bailey).

**Birmingham**—ADCOCK, John Robert (with Peat, Marwick, Mitchell & Co.); BENNETT, Graham John (with Clement Keys & Son); BRADLEY, Maurice Graham (with Cotterill, Kirk, Salt & Co.); CHRISTIAN, Gerald (with W. G. A. Russell & Co.); CORBETT, Ivor Dennis (with George A. Touche & Co.); DUDLEY, Maurice (with Wall & Tanfield); HULL, William (with Newton & Co.); PARKINSON, Gordon (with T. Harold Platts & Co.).

**Blackburn**—HESKETH, William (with Milford & Co.); LAW, Jeffrey Nelves (with Fred Law).

**Blackpool**—HOLLAND, John Joseph (with F. W. Coope & Co.); PAYNE, Gordon Walter (with John J. Harrison & Co.).

**Bolton**—STEVENS, Roy (with Harper, Pilling & Co.).

**Bombay**—BAPASOLA, Eruch Jehangir, M.COM., (with Sorab S. Engineer & Co.).

**Bournemouth**—HIXSON, Edgar (with Donald & Co.).

**Bradford**—BAGULEY, Roy (with Armitage & Norton); DOLAN, John (with R. S. Dawson & Co.); HARDCASTLE, Roy (with R. S. Dawson & Co.); MORTON, Colin Harry (with Charles D. Buckle & Co.).

**Brighouse**—BOOTH, Kenneth (with Kilby, Sutcliffe & Co.).

**Brighton**—EASTWOOD, Frederick Alan (with Walpole, Harding, Vidgeon & Elliott); POWIS, Peggy (with Wilkinson, Chater, Kinney & Co.); ROGERS, Baden Douglas (with Spain Brothers, Dalling & Co.).

**Bristol**—FORD, Norman Howard (with C. J. Ryland & Co.); HAWKINS, Charles Frederick Mervyn (with Hudson Smith, Briggs & Co.); TROWBRIDGE, Brian Howard Grenyer (with Sidney Foster & Sons).

**Bromley, Kent**—THOMPSON, John Edward (with F. W. Berringer & Co.).

**Calcutta**—BASU, Samir Kumar, B.COM. (formerly with S. N. Mukherji & Co.); CHAKRABORTI, Bhupesh Ranjan, B.SC. (with P. K. Ghosh & Co.); CHATTOPADHYAY, Binoy Lal (with Kar, Sen & Co.).

**Cardiff**—ANGELONI, Hernando Laurence (with Percy Walker, Simpson & Co.);

BERG, Israel Graham (with Percy Walker, Simpson & Co.); CARTER, Edward Clifford (with Jones, Robathan, Thompson & Co.); ELLIOTT, Emrys George (with C. V. Miles & Co.); RADFORD, Alan Charles (with A. D. Thomas); RHODES, Cecil Robert Charles (with R. H. March, Son & Co.); SIMPSON, Denis Akers (with Arthur B. Watts, Gregory & Co.).

**Castleford**—TEET, Geoffrey (with R. G. Hilton).

**Chelmsford**—GOLDING, Herbert William (with Luckin & Sheldrake).

**Chester**—WILLIAMS, Frederick Douglas (with Jones & Hack).

**Coalville**—HICKEN, Edwin Arthur (with L. F. Elverstone & Co.).

**Cobham, Surrey**—SMITH, George Leonard (with H. J. Wellden).

**Colchester**—LANGSTONE, Vivian Eric Harry (with Cooper, Cozens & Co.); SMITH, Frederick George (with Clifford C. Palmer).

**Cork**—FOLEY, William Aquinas (with Kirby & Kirby); O'CONOR, Nicholas Joseph (with C. P. McCarthy, Daly & Co.).

**Coventry**—CRIBDON, John (with Chaplin, Hall & Co.); WOLSTENHOLME, John Edward (with Chaplin, Hall & Co.).

**Derby**—BROADHURST, Harry (with Nutt, Horne & Co.); LANE, William Albert (with Harrison & Sedgwick).

**Dereham**—BARRETT, George Wilson (with Harman & Gowen).

**Doncaster**—RUTHERFORD, Derek Thomas Jones (with Watson, Waddington & Sharp).

**Douglas**—LEEMING, Thomas Edward (with B. Sugden & Co.).

**Dublin**—CUNNINGHAM, Brian George (with J. Canning Loughridge); HORAN, Charles Cyril (with J. A. Kinnear & Co.); MOLLOY, Edward Francis (with Ryan, Linnane & Co.); O'DWYER, Henry Joseph (with Cooper & Kenny); O'FARRELL, Seamus Augustine (with F. R. O'Connor).

**Dundalk, Eire**—O'CONNOR, John Anthony B.COM. (Inspector of Taxes, Revenue Commissioners).

**Dundee**—BROWN, Allan (with Don & Stewart).

**Exeter**—CREEDY, Peter William (with Ware, Ward & Co.); KIRK, Gerard David (with W. W. Beer, Aplin & Co.).

**Exmouth**—FEATHERSTONE, Dennis Charles (with S. J. G. Southon & Co.).

**Gainsborough**—SPENCER, Stanley (with Basil Spooner & Son).

**Glasgow**—MITCHELL, James Scott (City Chamberlain's Office); SCOTT, James (with Andrew L. Melville).

**Guildford**—SHELDRAKE, Alan Robert Blaker (with Keller Snow & Co.).

**Halifax**—HAINSWORTH, Philip Briggs (with A. Tankard & Co.).

**Hanley**—LOWE, William Herbert (with Bournier, Bullock & Co.).  
**Hastings**—MILLIS, Derek Maunsell (with Gibbons & Mitchell).  
**Honiton**—PONSFORD, Samuel William Henry (with Rickard & Co.).  
**Hove**—LICKORISH, Eric Alfred (with Russell, Fleming, Boys & Co.).  
**Hull**—HILDYARD, George William (with Scotter & Co.); SMITH, Alan Newby (with Hodgson, Harris & Co.); STORR, Dennis Acklam (with Hodgson, Harris & Co.); STUBBS, Frank (with Hodgson, Harris & Co.).  
**Keighley**—KITCHEN, Geoffrey Lambert (with Cryer & Kitchen); MAUDSLEY, Eric (with Bottomley & Smith).  
**Kidderminster**—BEST, John Douglas (with D. P. Newell, Wright & Co.).  
**Kirkcaldy**—HERD, Ian Lyall (Town Chamberlain's Department).  
**Leeds**—BRIGGS, John Hitchen (with Whitfield & Co.); CRABTREE, Geoffrey (with John Gordon, Harrison, Taylor & Co.); CROWTHER, Ronald David (with Beevers & Adgie); DAVEY, Harry (with Thomas Coombs & Son); DOVER, Albert Maurice (with Pickard, Penny & Co.); GLAZIER, John William (with Norman D. Vine & Co.); HAWLEY, Brian (with G. A. Windsor); HEMINGWAY, John (with John Gordon, Walton & Co.); ISAACS, Arnold (with Hollings, Crowe, Storr & Co.); LUNN, Donald William (with John Gordon, Harrison, Taylor & Co.); McHALE, Fred (with Bartfield & Co.); MALLINSON, Stuart (with W. H. Sands); PAGE, Anthony William (with Frank Hall); SERGEANT, Keith Edwin (with G. A. Windsor); SHIRES, James Allan (with A. France & Co.); STRICKLAND, Peter Edward (with Brown, Butler & Co.).  
**Leicester**—LANE, Raymond Robert (with John Rowley & Co.); NEWCOMBE, Douglas William (with Wykes & Co.); RHODES, David Arthur (with Thomas May & Co.); SMITH, Ernest Frederick (with Rivington, Garner & Co.); STYLES, Peter Samuel (with Wykes & Co.).  
**Lincoln**—HUNT, John Marshall (with J. Nicholson & Co.).  
**Liverpool**—BIRD, Frederick William (with Thornton & Co.); EVANS, Morris (with Charles E. Dolby & Son); GRAHAM, James Bell (with Harwood Banner, Lewis & Mounsey); MOTTRAM, Kenneth Charles (with H. A. F. Brookes); RUSHTON, Norman William (with E. M. Owen & Co.); SUTTON, Benjamin William Edward (with Blease & Sons).  
**London**—ANDERSEN, Reginald Ernest (with Harper & Broom); BACHE, David Frederic (with Buzzacott, Lillywhite & Co.); BAILEY, William Leonard (with Rose, Gluck & Co.); BARNES, Ronald Henry (with Monkhouse, Stoneham & Co.); BARRON, John Ernest (Port of

London Authority); BELL, Christopher (with Roland Jennings & Co.); BLACK, Gerard Bernard Llewellyn (with Price Waterhouse & Co.); BLACKMUR, Raymond Frederick (with Stone, Porter & Stone); BOLE, Samuel Alfred (with Hill, Vellacott & Co.); BRAZIER, Stanley Leonard (with Wilkins, Hassell & Co.); BROOKES, Leonard Edward (with R. G. Kirkpatrick & Co.); BROWN, Cyril Frederick (with Viney, Price & Goodyear); BROWN, George Wells (with Moore, Stephens & Co.); BRUNTON, Frederick Ernest (with Moore, Stephens & Co.); BUBBERS, David Bramwell (with Dixon, Wilson, Tubbs & Gillett); BUDD, Tony William Peter (with V. Wolfgang Bell & Co.); BURN, Douglas Wolley, B.A. (with Deloitte, Plender, Griffiths & Co.); CARD, Kenneth George Noel (with Carnaby Harrower, Barham & Co.); CASTELL, Geoffrey Ernest (with Pannell, Crewdson & Hardy); CHALK, John Ernest (with Temple, Gothard & Co.); CLARKE, Raymond Ernest Arthur (with Butchart, Carey, Penny & Co.); COLE, John Gwyn (with Clements, Hakim & Co.); COLE, Roy Charles (with Jackson, Pixley & Co.); CRICKETT, Stanley Frank (with Eric Phillips & Co.); CUTHBERT, John Reginald Thomas (with Silversides, Slack & Barnsley); CUTLER, John Howard (with Deloitte, Plender, Griffiths & Co.); DAVIDSON, David Frederick Alan (with Temple, Gothard & Co.); DODD, Michael David (with Batty & Co.); DYER, Alan Watson (with Luff, Smith & Co.); ECKMAN, Maurice Isidore (with Daniel Mahony, Taylor & Co.); EVENETT, John Alfred (with Batty & Co.); FENWICK, George Francis (with Cash, Stone & Co.); FISHER, Colin (with Westbury, Schotness & Co.); FITZPATRICK, George Albert (with Howard, Howes & Co.); FRIDAY, John (with Kay, Keeping & Co.); FROWDE, Stanley Thomas (with Binder, Hamlyn & Co.); GEDELLA, Cecil Isaac (with Maurice Thei, Adler & Co.); GERRELL, James Gordon (with Deloitte, Plender, Griffiths & Co.); GLUCK, Maurice Bertram (with Hepburn, Hagley & Knight); GRAY, Stuart (with Metcalfe Collier, Hayward & Co.); GREEN, John Peter (with Pike, Russell & Co.); GUNNEY, Michael John (with Hepburn, Hagley & Knight); HARPER, Peter Ellis (with Smith, Blyth & Co.); HARRIS, Stanley Warrington (with Lithgow, Nelson & Co.); HARROW, Alan James (with Franklin, Wild & Co.); HEARD, Ronald William (with Simon L. Lewis & Co.); HOLDEN, Harold Victor (Accountant-General's Department, General Post Office); HOLLEDGE, Donald Arthur (with Gray, Stainforth & Co.); HOLMES, Alan Hogarth (with Deloitte, Plender, Griffiths & Co.); IDE, Norman

Sydney (with Evans Smith, Boothroyd & Co.); JEFFS, Brian Ernest (with R. H. Munro & Co.); JOHNSON, Gerald Clive Frederick (with Slipper & Co.); JOHNSON, Michael Joseph (with Clifford Towers, Temple & Co.); JONES, Ronald Clarke (with Kemp, Chatteris & Co.); JOYCE, James Thomas (with Pannell, Crewdson & Hardy); KEEN, David George (with Clements, Hakim & Co.); KINCH, Kenneth Frederick (with Fuller, Wise, Fisher & Co.); LEWIS, Ronald Gordon (with Blakemore, Elgar & Co.); LOTHIAN, Dennis Gordon Thomas (with Knox, Cropper & Co.); LOVERIDGE, Harold Charles (with Spicer & Pegler); LOVETT, William (with W. B. Keen & Co.); LUCKETT, Wilfred James (with Parfitt, Wagstaff & Co.); MARSH, Stephen Edward (with Jackson, Taylor, Abernethy & Co.); MAYNARD, George Francis (with Evans, Fripp, Deed & Co.); MELHUSH, Peter John (with Albert A. Henley & Co.); MILES, James Alfred (with Alexander B. Neil & Co.); MOURGUE, Harold George (with Harker, Holloway & Co.); NEWSTEAD, John (with J. W. Hough); NEWTON, John Alan (with Silversides, Slack & Barnsley); NORMAN, Eric Reginald (with Peat, Marwick, Mitchell & Co.); PAGE, Peter John (with Henry J. Burgess & Co.); PATCHICK, Bernard (with Maurice Thei, Adler & Co.); PATTERSON, Leslie Richard (with Whitehill, Marsh, Jackson & Co.); PEARCE, Ronald (with Deloitte, Plender, Griffiths & Co.); POTTLE, Alan Charles\* (with Tribe, Clarke, Painter, Darton & Co.); POWELL, Leonard Edward Peter (with Ogden, Hibberd, Bull & Langton); REEVE, Jonathan (with Youels, Chant & Co.); REINSTEIN, Charles (with Brebner, Allen & Co.); RICHARDS, Anthony James (with Warley & Warley); RINK, Denis John (with Shipley, Blackburn, Sutton & Co.); ROGERS, George Edward (with Bright, Grahame, Murray & Co.); RYAN, Daniel (with Leonard Curtis & Co.); SANSOM, Edgar James (with J. Dix Lewis, Caesar, Duncan & Co.); SCOTT, Walter (with Edward Blinkhorn, Lyon & Co.); SHAW, Brian (with F. Phillips); SHEPPARD, Peter Reginald (with H. W. West & Co.); SLADE, Felice Vera (with Barton, Mayhew & Co.); SMITH, Anthony Henry (with L. H. Findlay & Co.); SMITH, John William (with Keens, Shay, Keens & Co.); SMITH, Leslie (with Brebner, Allen & Trapp); SMITH, Richard Alan (with Whinney, Smith & Whinney); SPIERS, William Charles (with J. Hulbert Grove & Co.); STANLEY, Eric George (with Walker, London & Co.); THIRLWELL, Frank Norman (with de Paula, Turner, Lake & Co.); THWAITES, John Gerald (with Woodington, Bubb & Co.); TREMBATH, Rosalie Grace (with Chantrey,



Button & Co.); VANDENBERGH, Cornelius Edward (with Price Waterhouse & Co.); WAINWRIGHT, John Arthur (with Chantrey, Button & Co.); WARD, Herbert Eric (with Crane, Houghton & Crane); WHITE, David Allan (with E. A. Shock & Co.); WILKINS, Terence Charles (with Price Waterhouse & Co.); WILLIAMS, Derek Gordon (with R. G. Kirkpatrick & Co.); WILSON, David Sidney (with Daniel Mahony, Taylor & Co.); WILSON, Herbert Edward (with Prideaux, Frere, Brown & Co.).

**Lowestoft**—ALCOCK, Derek Arnold (with Tunbridge, Lacey & Co.); COLEMAN, Alan William George (with Tunbridge, Lacey & Co.); GILL, Alan John (with Tunbridge, Lacey & Co.).

**Manchester**—AINSWORTH, Ian Harry (with Ashworth, Mosley & Co.); BAGNALL, James (with Alfred Nixon, Son & Turner); BESWICK, James Metcalf (with Shuttleworth & Haworth); BLENKINSOP, Basil Thompson (with Price, Waterhouse & Co.); BOULD, Norman Stanley (with Willett, Son & Garner); COOPER, Arthur Richard (with J. D. Hamer & Co.); FODEN, Cyril (with Lloyd, Piggott & Co.); GARNER, Maurice Edwin (with Campbell, Toulmin & Co.); LINDLEY, Brian (with Nasmith, Coutts & Co.); LOMAS, Donald (with Edwin Guthrie & Co.); OVEREND, John (with Thomson McIntock & Co.); PECK, Peter Bernard (with Alfred Nixon, Son & Turner); RAFTERY, Terence (with Geo. T. Cheetham & Co.); RAWLINGS, Harry (with Handley, Wilde & Charlton); SUTCLIFFE, Gordon (with Edgar Oates & Co.); WARNE, Derrick (with Collinge & Halstead); WILLIAMSON, Allan (with Edwin Guthrie & Co.); WRIGLEY, Albert Edward (with Lloyd, Piggott & Co.).

**March**—BREMNER-YOUNG, John Eustace (with Larking, Larking & Whiting).

**Middlesbrough**—CARTER, Robert Edgar (with L. C. Bye); MOY, Edward Lancelot (with Peat, Marwick, Mitchell & Co.); NAIROBI—LOWIS, Robert Alexander (with Angus Lawrie, Jeremy & Co.).

**Newcastle-upon-Tyne**—CHILVERS, Fredrick James (with J. W. Armstrong & Sons); CLASPER, Harvey (with Price, Waterhouse & Co.); CROFT, Frederick (with F. S. Rowland & Co.); KINGS, Hylton (with Thomas Rodger & Co.); MORGAN, Alan (with John Winn & Co.); NEWBOLD, Douglas Brian (with Arthur M. White & Son).

**Newport, Mon.**—GUILFOYLE, Thomas (with Walter Hunter, Bartlett, Thomas & Co.); SYMONS, Royston (with Rowland Jenkins & Co.).

**Northampton**—HOBBS, John William (with Clifford Towers, Woodroffe & Co.); RISDALE, Keith Henry (with Baker & Co.); SHAW, Norman Dennis (with Baker & Co.); TURNER, William Herbert

(with H. Bullard); WILLIAMS, Eric Noel (with A. C. Palmer & Co.).

**Norwich**—BRIDEWELL, Jack William (with Harman & Gowen); SMITH, George James (with Harman & Gowen).

**Nottingham**—ADCOCK, Desmond Charles (with Prior & Palmer); DEWEY, Arthur Cyril (with Taft, Baldock & Winstanley); LIEBLING, Sydney Norman (with Harold T. Hooley); WADD, Arthur Roy (with Carlisle, Ray & Co.).

**Paignton**—PITMAN, Maurice Peter (with R. W. G. Taper).

**Penzance**—LOMAX, Eric (with Chown & Robins).

**Peterborough**—BARLOW, Kenneth Percy (with Swallow, Crick & Co.); INGRAM, John Keith (with Swallow, Crick & Co.).

**Plymouth**—CULLUM, Dennis Leonard (with White & Pawley); MOYSE, Ernest John (with Roberts & Pascho); THOMPSON, Harold (City Treasurer's Department).

**Poole**—MOXHAM, Donald Sydney (with Wheatley, Pearce & Co.).

**Radcliffe**—SMITH, Robert Eric (with J. Wild & Co.).

**Ramsbottom**—CROMPTON, William Roger (with Yates & Senior).

**Rochdale**—HENTHORN, Eric (with Walter S. Lewis & Sons).

**Sheffield**—STENTON, Joseph Edward (with Wright & Favell).

**Skipton**—WICKS, William Anthony Kemble (with Weston, Whalley & Jackson).

**Southampton**—HENDER, William Thomas (with Beal, Young & Booth); YOUNG, John Baldwin (with Beal, Young & Booth).

**Southport**—ARDERN, Derek Percival George (with Lithgow, Nelson & Co.).

**Stockport**—BURGON, Bernard (with John McIntyre).

**Stroud, Glos.**—JONES, Horace Wilson (with S. J. Dudbridge & Sons); POWELL, John Joseph (with S. J. Dudbridge & Sons); SHIPMAN, Marc Leonard (with S. J. Dudbridge & Sons).

**Sunderland**—FAWELL, William Eric (with Laverick, Walton & Co.); JONES, Edward Appleby (with Laverick, Walton & Co.).

**Sutton**—SPINKS, Bernard Charles Albert (with Geo. H. Jackson & Co.).

**Swansea**—BEYNON, William Brian (with Ashmole, Edwards & Goskar); HOWELL, Gerald (with Ashmole, Edwards & Goskar); JAMES, David Brian (with Francis & Williams); MORGAN, Robert Michael Caradog (with Ashmole, Edwards & Goskar).

**Tiverton**—SYMONS, Kenneth Albert (with Goodland, Bull & Co.).

**Wakefield**—FULLER, Geoffrey (with W. H. Shaw & Sons).

**Walsall**—ASHTON, Kenneth Arthur Harry (with A. & E. Law & Co.).

**Waterford**—PHELAN, William Gerard (with T. R. Chambers, Halley & Co.); POWER, Thomas Richard (with Pelham Plunkett & Co.); PURCELL, Philip Joseph (with W. A. Deevy & Co.).

**Wellingborough**—BRITCHFORD, Donald Edward (with James & Sanders).

**West Bridgford**—ADAMS, William Edward (formerly with West Bridgford U.D.C.).

**West Bromwich**—BONSER, Edgar Douglas (with Dixon, Hopkinson & Co.).

**Weston-super-Mare**—KEEN, Eric Kenneth (with J. & A. W. Sully & Co.).

**Widnes**—MORRIS, James Bramwell (with G. S. Halsall).

**Wigan**—ATHERTON, James (with John King & Son).

**Wolverhampton**—FIELD, Reginald Henry (with Pearson, Blower & Co.); LATHAM, Charles Finlay (with M. Alex. Walker); SCOTT, Andrew (with T. E. Lowe & Co.); TRANTER, Ronald (with Crombie, Lacon & Stevens).

**Worcester**—BRIDGES, Graham Albert (with Rabjohns, Leopard & Co.); HALL, Sheila Vivien Thurstans (with Walker, Weller & Roy).

**Worthing**—GATES, Roy William (with Arthur Stubbs & Spofforth); GULE, Ralph Edward (with F. R. Taylor & Son); MASTERS, Leonard Edward Victor (with Walpole, Harding, Vidgeon & Elliott); PARISH, Alexander Leonard Stephen (with Arthur Stubbs & Spofforth).

**York**—BROOKS, Walter (City Treasurer's Department); HARDING, Thomas (with D. Hunter); MEDD, Thomas Francis (with Pulleyn, Creer & Co.).

#### PRELIMINARY EXAMINATION

##### Honours Candidate (1)

ATTWELL, Colin Frost, 5, Carlton Road, Kingsley, Northampton.  
(First Place Certificate and Prize.)

##### Candidates Passed (50)

BAKER, Geoffrey, 17, Goldsmith Road, Kings Heath, Birmingham, 14.  
BESTON, Ronald Hamilton Mathieson, 16, North Eglinton Street, Monkwearmouth, Sunderland.  
BOND, Keith, 119, Sandholme Road, Brislington, Bristol, 4.  
BOWLER, John Barnett, 139, Rydal Crescent, Perivale, Greenford, Middlesex.  
BRENNAN, Bridget Anne, 9, Lanfranc Road, Worthing.  
BULSTRODE, Bennett Gordon, Redcote, 114, River Way, Christchurch, Hants.  
CARTER, Francis John, 19, Cobden Street, Kidderminster.  
CHALLENGER, Henry James, Beckford, Bowden Hill, Chilcompton, nr. Bath.  
CLARKE, William Joseph, 17, Bucklow Avenue, Fallowfield, Manchester, 14.  
COOPER, Derek Gilbert, 34, Fore Street, Eastcote, Pinner.



## DISTRICT SOCIETIES AND BRANCHES

### SCOTTISH BRANCH MEETING OF COUNCIL

A MEETING OF THE COUNCIL OF THE Scottish Institute of Accountants, the Scottish Branch of the Society, was held in Edinburgh on June 22. Mr. P. G. S. Ritchie, F.S.A.A., the President of the Branch, was in the chair.

The Secretary, Mr. James Paterson, F.S.A.A., reported having dealt with a large number of inquiries.

The Chairman referred to the work of the London Council, the proceedings at the annual meeting of the Society and the interesting discussions on a variety of subjects at the Conference of Branches and District Societies. He also referred in appreciative terms to the complimentary dinner to Mr. and Mrs. Garrett as a testimony from a very large number of members of the Society all over the world to the valuable services given by Mr. Garrett to the Society over a long period of years.

### LUNCHEON IN EDINBURGH

On the same day the Scottish Council gave a luncheon to members of the Society in Edinburgh and district. Mr. P. G. S. Ritchie presided over a large attendance, supported by Sir John D. Imrie, C.B.E., M.A., B.L., F.S.A.A., Sheriff Charles Milne, K.C., Mr. Robert Fraser, F.S.A.A., Mr. John Stewart, F.S.A.A., and Mr. James Paterson, Secretary.

The chairman expressed his pleasure at the large attendance, and on behalf of himself and the members offered congratulations to Sir John Imrie on the honour of Knighthood bestowed on him by the King. Sir John briefly thanked the members for their congratulations. Sheriff Milne noted the increase in the number of candidates sitting the examinations, particularly in the Intermediate, and also the high standard many of them attained in the recent examinations. The meeting closed with a vote of thanks to the chairman.

### IRISH BRANCH ANNUAL REPORT

THE TOTAL MEMBERSHIP OF THE SOCIETY OF Incorporated Accountants in Ireland is now 271. There are also 317 students.

The Society suffered a great loss by the death of Mr. C. P. McCarthy, a Past-President of the Irish Branch.

At the examinations held in Dublin and Belfast in 1949, seventeen candidates passed the Final, twenty-two the Intermediate (one with Honours), and ten the Preliminary (one with Honours).

The Irish Branch was established in 1901, and 1951 will be its jubilee year.

The Branch Council has invited the parent Council to hold a Conference of the

CORNWELL, Charles Austin, 266, Goodwood Avenue, Hornchurch.  
DAVIES, Thomas William, 73, Kincora Road, Clontarf, Dublin.  
DENINGTON, Ernest Richard, 423, Queensbridge Road, London, E.8.  
DIXON, Edward George, Greenbanks, Livermead, Torbay Road, Torquay.  
DOCHERTY, Andrew Bell, 365, Oxford Road, Manchester, 13.  
GRESSWELL, John Gilbert, Kildwick Hall Hotel, Kildwick, nr. Keighley.  
GUEST, Jack Bernard, Jun., 4, Crouch Road, London, N.W.10.  
GUMMOE, Edward James, Kenvale, Praze, Camborne.  
HADDOCK, Keith Kentish, 159, West Heath Road, Northfield, Birmingham, 31.  
HARDACRE, Kenneth, 19, Woodfield Terrace, Heywood.  
HIRST, Anthony Charles, 2, Fremantle Place, Halton, Leeds.  
HOLLY, Brian John, 94, Parkwood Road, Bournemouth.  
HOWARD, Gordon, 2, Woodbury Road, London, E.17.  
HUTCHESON, John Barnett, 12, Mountcashel Street, Belfast.  
IRWIN, William, 19, Forthriver Gardens, Springfield Road, Belfast.  
JARRATT, Peter Glynne, 74, Tweedykes Road, Sutton-on-Hull.  
LEEBODY, Raymond James, 34, Gore Street, Gorton, Manchester, 18.  
LEES, Gordon Stuart, 27, Stainland Road, Greeland, nr. Halifax.  
LINE, Leslie Albert, 37, Trederwen Road, London, E.8.  
LUPTON, Trevor, Police Cottage, Magnam Down, Hailsham.  
McHOUL, Stewart William, Campsie Glen, Snettisham, King's Lynn.  
McLAUGHLAN, Percy Gubson, 71, Inglefield Street, Glasgow, S.2.  
MEARA, Brian William, 244, Northgate, Cottingham, nr. Hull.  
MOORE, Joseph Duncan, 43, North Road, Boldon Colliery, Co. Durham.  
MURTY, Anthony Leslie, 32, Glebe Way, Hornchurch.  
NICOL, Henry, 159, Buccleuch Street, Glasgow, C.3.  
PRIZEMAN, Dennis Frederick Charles, Flat 2, Poplar Police Station, East India Dock Road, London, E.14.

REED, Anthony Emmerson, Wraxhill Road, Yeovil.  
SALT, Malcolm Ross, 1, Edward Road, Nuthall, Notts.  
SIDWELL, Clifton Edward, 75, Holland Road, London, W.14.  
SINCLAIR-DAY, Donald Ian, 82, Gleneldon Road, London, S.W.16.  
SKYLING, Thomas Ernest, 206, Middle Lane, London, N.8.  
STONE, Hubert Michael, 112, Lessingham Avenue, London, S.W.17.  
STRATFORD, Roy Archibald, 48, Walpole Road, London, E.17.  
TAYLOR, Ronald George, 4, Garbutt Place, Marylebone High Street, London, W.1.  
THOMPSON, John Desmond, 8, Upper Prince Edward Terrace, Blackrock, Dublin.  
TURNER, John Eric, 12, York Terrace, Dorchester.  
WALKER, Alan Thomas, 44, Audley Gardens, Seven Kings, Essex.  
WATSON, David, 57, Mountainview Road, Ranelagh, Dublin.  
WILKINSON, Maurice George, 24, Alfred Street, Pinxton, nr. Nottingham.

## EXAMINATIONS

THE PRELIMINARY, INTERMEDIATE AND FINAL Examinations of the Society will be held on November 14, 15 and 16, 1950, at London, Manchester, Leeds, Birmingham, Liverpool, Cardiff, Glasgow, Dublin and Belfast.

Candidates are asked to obtain their application forms from the Honorary Secretary of their Branch or District Society.

Completed applications, with all relevant supporting documents and the fee, should be sent to the Secretary, Society of Incorporated Accountants, Incorporated Accountants' Hall, Victoria Embankment, London, W.C.2, not later than Monday, September 18, 1950.

We congratulate Sir Roland Burrows, K.C., who for many years has been associated with the Society, upon his election as an Honorary Fellow of Trinity Hall, Cambridge.

### SUMMARY OF RESULTS

	Final	Intermediate	Preliminary	TOTAL
Candidates Awarded Honours	3	12	1	16
Candidates Passed .. ..	134	322	50	506
Candidates Successful .. ..	137	334	51	522
Candidates Failed .. ..	455	362	80	897
Candidates Sat .. ..	592	696	131	1,419

Society in Dublin in 1951. The invitation has been accepted and the Conference will be held in June, 1951.

### BELFAST

THE TOTAL MEMBERSHIP IS NOW 248, MADE UP OF 32 Fellows in Practice, 36 Associates in practice, 17 Associates employed in the accountancy profession, 34 Associates employed in Government Departments, public bodies and commercial firms, and 129 students.

Two luncheon meetings have been held. There was a ball on December 8. On June 27, 1949, a golf outing was held at Greenore, Co. Louth, in conjunction with the southern members of the Society of Incorporated Accountants in Ireland. Prizes were distributed by Mr. H. Andison, President of the Belfast and District Society. The annual golf competitions for the Allen and the Booth Cup were held at the Helen's Bay Golf Links on September 5.

The Society is represented on local organisations by the following members: Ulster Tourist Development Association, Mr. Samuel Boyle. Belfast Chamber of Commerce, Mr. H. McMillan. Belfast Court of Referees Appeal Tribunal Panel, Mr. J. A. Winnington. National Insurance Acts—Local Tribunal Panels, Mr. J. A. Winnington. Price Regulation Committee, Mr. H. V. Kirk. Council to Advise on Education of Clerical Trainees, Mr. R. Bell. Education and Training of ex-Forces Personnel, Mr. J. S. Lewis.

During the year the Society suffered loss by the death of Mr. F. Allen, who had been a very prominent member for many years.

Mr. L. F. Garland continues to act as secretary to the Students' Society. Under the chairmanship of Mr. H. V. Kirk a very successful season has just terminated.

The Saturday morning revision classes prior to the examinations continue to be very successful. A course on taxation was held on Monday evenings during the winter, and a short course on statistics for Final students.

Mr. Alexander Hutchinson of Portrush obtained first place honours and prize in the Preliminary Examination of the Society held in May, 1949.

### BIRMINGHAM

#### ANNUAL REPORT

THE DISTRICT SOCIETY HAS NOW 467 members and 405 students.

A number of works have been added to the library, and the catalogue is being revised and reprinted.

A Conference of the Society was held in Birmingham in September, 1949.

There has been a marked increase in interest in the Students' Section. It is hoped to arrange more students' meetings in towns distant from Birmingham.

Mr. R. K. Mullett was awarded the Second Certificate of Merit in the Final Examination in May, 1949. Thirty other students passed the Final and thirty-seven the Intermediate.

Thirty-one lectures were held in Birmingham, Shrewsbury and Wolverhampton. Four of these were arranged jointly with other bodies.

The work of the students' representatives on the committee has been very valuable.

### BRADFORD

#### ANNUAL REPORT

THE MEMBERSHIP TOTALS 474, INCLUDING 104 members in practice, 154 members not in practice and 216 students.

A dinner-dance was held on November 25, 1949. The golf competition took place on September 8.

Nineteen candidates passed the Intermediate and fourteen the Final Examination (one with Honours).

#### STUDENTS' SECTION

A series of thirteen lectures was arranged. The average attendance was twenty-five Incorporated and seven Chartered students. Students are urged to attend the Section's annual meeting and to express their views on what lectures and other activities should be undertaken.

A party of Sheffield students were welcomed to Bradford in November. They visited a large textile mill, and spent the evening in debate with Bradford students.

A very successful carnival dance was held at Christmas.

### DEVON AND CORNWALL

THE ANNUAL MEETING WAS HELD ON JUNE 16. The report and accounts were adopted, and the retiring committee members and the Honorary Auditor were re-elected.

Mr. Bebbington, Principal of the Department of Commerce, Plymouth Technical College, addressed the members and students on the facilities for professional education at the college.

The following officers have been elected for 1950-51. President, Mr. W. R. Frost, F.S.A.A.; Vice-President, Mr. K. E. G. Budge, F.S.A.A.; Hon. Treasurer, Mr. S. G. T. Holmes, A.S.A.A.; Hon. Secretary, Mr. P. D. Pascho, F.S.A.A.

### HULL

#### ANNUAL REPORT

THE MEMBERSHIP IS 113 MEMBERS AND 198 students.

The death by accident of Mr. C. H. Tranmer is a great loss to the Society. The committee records a tribute to his work as Secretary and particularly to his interest in the welfare of students.

A full syllabus of lectures was held by the Students' Section and by the North Lincoln-

shire Regional Committee. A mock shareholders' meeting was held jointly with other local students' societies. The monthly luncheon meetings have been well supported and have proved of great benefit.

Eight students passed the Final Examination and twelve the Intermediate.

A week-end residential course for students will be held from March 30 to April 1, 1951.

Miss P. E. M. Ridgway and Mr. H. Scott have been appointed to fill casual vacancies on the committee.

### LIVERPOOL

#### ANNUAL REPORT

THE MEMBERSHIP IS: FELLOWS 65, ASSOCIATES 261, students 395; total 721.

With deep regret the committee reports the death on March 15, 1950, of Mr. Charles Hewetson Nelson. He was Honorary Secretary of the District Society from 1899 to 1907 and President 1908-9. He was a Past-President and honorary member of the parent Society, and was a member of the Council for forty-six years. He is remembered with affection and gratitude.

Six meetings have been held during the year, including a mock income tax appeal held jointly with H.M. Inspectors of Taxes.

The committee congratulates the successful candidates in the examinations, particularly Mr. W. Shuttleworth, Mr. W. J. Pritchard and Mr. R. I. MacDonald, who were awarded respectively the Second, Third and Fourth Certificates of Merit in the Final Examination in November. Twenty-one others passed the Final and eighteen the Intermediate.

The parent Society has agreed to the setting up of an examination centre in Liverpool.

The library is now at Incorporated Accountants' Hall, 25, Fenwick Street, Liverpool.

The Society has been represented on the Council of the Liverpool Chamber of Commerce by Mr. L. Bailey and Mr. Bertram Nelson, and on the Birkenhead Chamber by Mr. L. Bailey.

The committee again thanks members who have taken regular and frequent duties at the Liverpool headquarters of the Citizens' Advice Bureau to advise applicants on their taxation difficulties.

#### STUDENTS' SECTION

A series of Saturday morning lectures was well attended. In addition, pre-examination lectures by Mr. V. R. Anderson proved very successful.

The second week-end course organised by the District Society was held at the University Hall of Residence in April, 1950, and was most successful.

Other activities have included a students' dance and a football match with the Chartered Accountant Students.



## LONDON STUDENTS' SOCIETY

A SOUTHEND-ON-SEA BRANCH OF THE London Students' Society has recently been formed. Members who live in, or near, Southend-on-Sea who have not received details of this branch's future programme are asked to communicate with Mr. E. H. R. Martin, F.S.A.A., 13, Cambridge Road, Southend-on-Sea, Essex.

## MANCHESTER

THE ANNUAL GENERAL MEETING WAS HELD on June 16. The President, Mr. C. Yates Lloyd, F.S.A.A., occupied the chair. In his report to members the main events of the past twelve months were reviewed, and in particular the arrangements which have been completed for the Society to have its own Hall at 90, Deansgate, Manchester, which will be available for professional and members' meetings from January 1 next. Appreciation was expressed of Mr. Garrett's great services to the Society. It is hoped to form one or more sub-committees for research into matters relative to the profession, and Mr. Yates Lloyd stressed the necessity for members to come forward to take part in this work.

The following officers were elected: President, Mr. G. W. Street, F.S.A.A.; Vice-President, Mr. Arthur T. Eaves, M.M., F.S.A.A.; Hon. Treasurer, Mr. Victor A. Bell, F.S.A.A.; Immediate Past-President and Hon. Secretary, Mr. C. Yates Lloyd, F.S.A.A.

## SUSSEX

THE NEWLY FORMED INCORPORATED Accountants' Sussex District Society has elected the following officers and committee: President, Mr. F. V. Arnold; Vice-Presidents, Mr. E. Webb and Mr. R. W. E. Bunn; Committee: Mr. W. S. Blackwood, Mr. A. Chambers, Mr. G. R. Crone, Mr. C. A. H. Holloway, Mr. J. Meares, Mr. R. C. Methold, Mr. C. H. Pelling, Mr. R. Rees, Mr. G. A. Sluggett, Mr. A. R. Terry, Mr. F. L. Thomerson and Mr. W. B. Vidgeon; Hon. Treasurer, Mr. H. S. Sanders; Hon. Auditor, Mr. A. H. Burridge; Hon. Secretary, Mr. A. G. Lee, 13, Ship Street, Brighton. Telephone 26578/9.

## WEST OF ENGLAND

### ANNUAL REPORT

THE TOTAL MEMBERSHIP IS 306, INCLUDING 37 Fellows, 133 Associates and 136 students.

The committee regrets to record the death of Mr. C. B. Steed, who was formerly Honorary Auditor and was a valued member of the committee for over thirty years.

Ten lectures and discussions were held, of which five were arranged by the Students' Section. It is hoped in future to arrange joint lectures for students with the Bristol

and West of England Society of Chartered Accountants.

Nine students were successful in the Final Examination and nineteen in the Intermediate.

## YORKSHIRE

### ANNUAL REPORT

THE MEMBERSHIP COMPRISES 64 FELLOWS, 331 Associates and 391 students—total 786.

The committee congratulates twenty-three students who passed the Final Examination and twenty-nine who passed the Intermediate.

Seven lectures were held for senior and student members.

The official dance was held on January 20 and a dinner-dance on February 10, 1950. Both were well attended.

Saturday morning lectures were found useful to examination candidates.

## PERSONAL NOTES

Sir John Imrie, C.B.E., F.S.A.A., City Chamberlain of Edinburgh, is a member of the committee of inquiry into Anglo-Scottish Statistics appointed by the Secretary of State for Scotland. The chairman is Lord Catto.

Mr. A. R. Butcher, F.S.A.A., Honorary Secretary of the South African (Eastern) Branch of the Society of Incorporated Accountants, has been elected President of the Natal Society of Accountants.

Councillor E. Ewart Pearce, M.B.E., F.S.A.A., of Cardiff, a Past-President of the Incorporated Accountants' District Society of South Wales and Monmouthshire, has recently been appointed one of the Justices of the Peace for the City of Cardiff.

Messrs. Starkie & Naylor, Leeds, announce that as from July 1 they have admitted into partnership Mr. Norman Kirkman, A.S.A.A. The style of the firm remains unchanged.

Messrs. Robson, Morrow and Co. announce that they have admitted to partnership Mr. F. T. Hunter, who has been with the firm for a number of years. The name of the firm will remain unchanged.

Messrs. Viney, Price & Goodyear, Chartered Accountants, London, announce that Mr. J. E. K. Clarke, A.C.A., A.S.A.A., a senior member of their staff, has been admitted to partnership from July 1. Mr. G. Carpenter, F.C.A., retired from the partnership on June 30 to take up a commercial appointment.

Messrs. Hucker & Booker, Incorporated Accountants, of Glastonbury and Wells, announce that they have opened an additional office at 40, High Street, Wincanton. Attendance on Wednesdays.

Mr. Frank Webster, A.S.A.A., has been appointed a director of Thomas and Evans Ltd., Porth, Glam.

Mr. Percival White, M.B.E., F.S.A.A., has retired after nearly half a century in practice. The practice of Messrs. White and Pawley, Incorporated Accountants, is being continued under the same style by Mr. W. S. Burgess, A.S.A.A., and Mr. F. H. C. Casbourn, A.S.A.A., who have been associated with the firm for thirty-two years and twenty-eight years respectively.

Mr. G. S. Hayhow, A.S.A.A., practising as Hayhow & Co., has taken into partnership Mr. H. W. Tann, Mr. G. F. Rix and Mr. L. W. Hayhow. The name of the firm continues as Hayhow & Co., but the address is now 19, King Street, King's Lynn.

Messrs. Hopps & Bankart, Leicester, announce the retirement of their senior partner, Mr. J. A. Hopps, F.C.A., who founded the firm in 1893 in partnership with the late Mr. G. S. Bankart. The practice is being continued under the same name by the remaining partners, Mr. A. P. Haines, F.S.A.A., Mr. C. E. Fletcher, F.S.A.A., and Mr. S. R. Herrick, A.C.A.

## REMOVALS

Mr. H. C. Banting, Incorporated Accountant, is now practising at 12, Sudbury Park Parade, Harrow Road, Wembley, Middlesex.

Messrs. Harold C. Wright, King & Co., Incorporated Accountants, have removed to 92, New Cavendish Street, Portland Place, London, W.1. Telephone, Langham 5036.

Messrs. Skæith, Beeson & Co., Incorporated Accountants, have removed their offices to 65, Cleethorpes Road, Grimsby. The telephone number remains unchanged: Grimsby 3464.

Messrs. Henry Steele & Co., Incorporated Accountants, have removed to Fountain House, 81, Fountain Street, Manchester, 2. Telephone: Central 2565.

Mr. John S. W. Bernard, Incorporated Accountant, has removed to 56, Queen Square, Bristol, 1. Telephone: Bristol 2633 4.

## OBITUARY

### THOMAS CONDREN FLINN

It is with deep regret that we record the death in June of Mr. T. Condren Flinn, F.S.A.A., a partner in the firm of Messrs. Kevans & Sons, Dublin. He became a member of the Society in 1915. Mr. Flinn was one of the senior members of the Irish Branch, and had always taken a keen and active interest in Society affairs. For many years he held the position of Hon. Auditor to the Branch.



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